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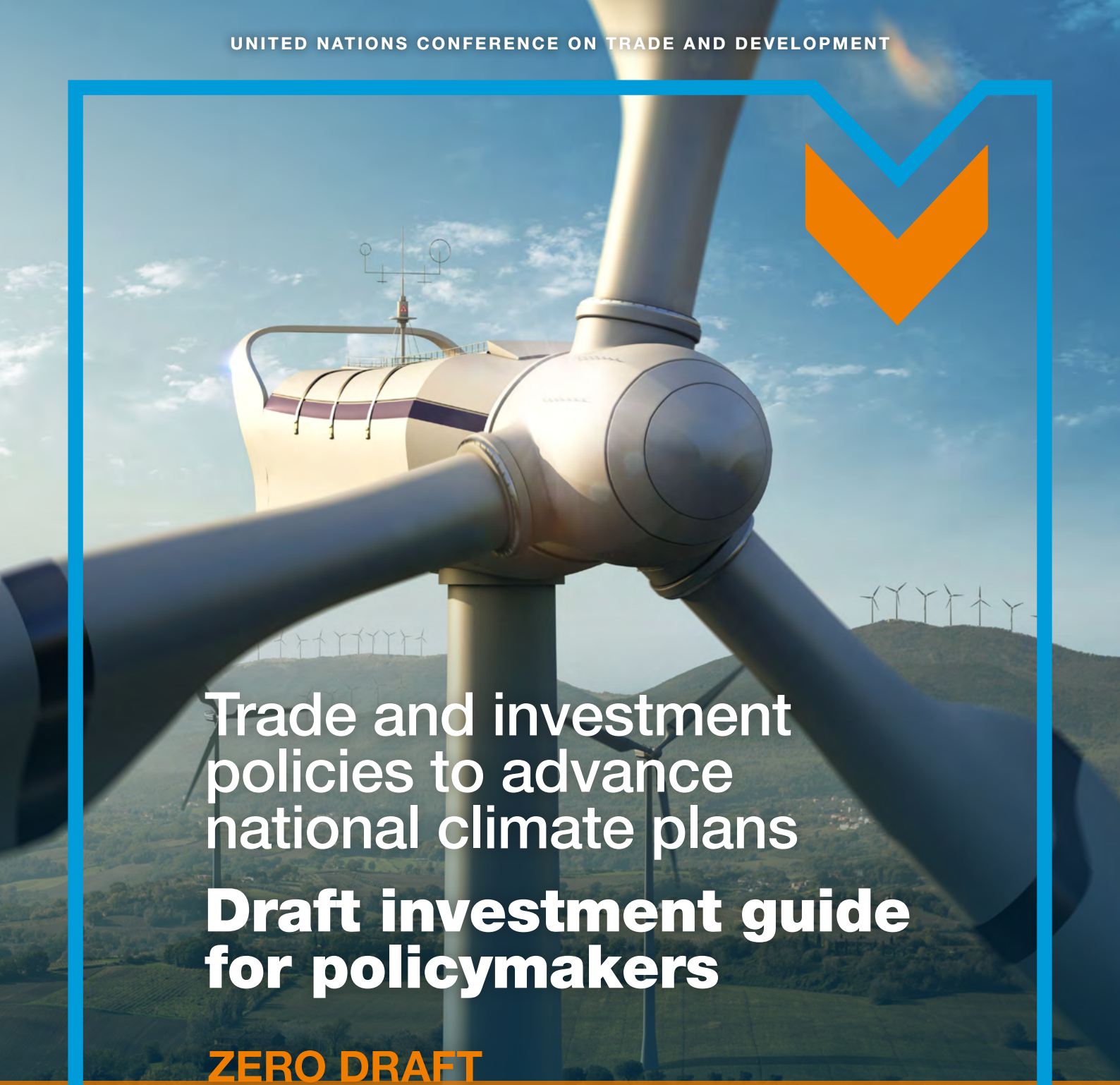

Trade and investment policies to advance national climate plans

Draft investment guide for policymakers

ZERO DRAFT

This document is a zero draft. It will be updated based on comments, lessons learned from country pilots and consultations with stakeholders. The findings, interpretations and conclusions expressed herein are those of the author(s) and do not necessarily reflect the views of the United Nations or its officials or Member States. Mention of any firm or licensed process does not imply the endorsement of the United Nations. This document has not been formally edited.

UN trade & development UNCTAD | 60 years

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About UNCTAD

UNCTAD is the UN's leading institution dealing with trade and development. It is part of the UN Secretariat and has a membership of 195 countries, one of the largest in the UN system.

UNCTAD supports developing countries to access the benefits of a globalized economy more fairly and effectively by providing economic and trade analysis, facilitating consensus-building and offering technical assistance to help developing countries use trade, investment, finance and technology for inclusive and sustainable development.

Context

The Paris Agreement requires Parties to prepare, communicate, and update successive nationally determined contributions (NDCs) every five years, aiming for the highest possible ambition to meet its goals (UNFCCC, 2015). NDCs embody each country's commitment to reducing emissions and adapting to climate impacts.

The first global stocktake under the Paris Agreement, concluded in December 2023 at the United Nations Climate Change Conference (COP28), noted significant progress towards the Paris Agreement goals, albeit insufficient. It called for a comprehensive transformation across all sectors, essential to lower emissions, strengthen resilience, and mobilize resources in a just and sustainable way to accelerate and amplify efforts to meet the agreed goals (UNFCCC, 2024). As countries prepare their third round of NDCs (NDCs 3.0) before COP30 in 2025, countries are encouraged to realign global emissions with climate goals with ambitious, economy-wide emissions reduction targets across all sectors and greenhouse gases, considering each country's unique circumstances and common but differentiated responsibilities and respective capabilities (UNFCCC, 2024).

Implementation must also accompany ambition, and many previous NDCs' implementation is conditional on international support. Ongoing negotiations on the New Collective Quantified Goal for climate finance aim to substantially increase available resources, enhance their ease of access, and improve concessional terms for fiscally constrained countries. These efforts significantly advance both climate ambition and implementation, particularly benefiting developing countries. Both can also be increased by embedding climate action within broader sustainable development frameworks, implementing mitigation policies with adaptation or Sustainable Development Goals (SDG) co-benefits, and guiding development towards sustainability. This approach diversifies economies, builds resilience, and drives more substantial emissions reductions (UNFCCC, 2024). Additionally, expanding and developing new sustainable value chains can strengthen domestic resource mobilization.

Draft guide for policymakers: Investment policies to advance national climate plans

A companion guide also emphasizes the complementary role of trade-related policies in creating the conditions for channelling investment, technology, goods, and services to support the energy transition, and mobilize capital flows for sustainable investment and greener economies in developing countries. These guides will be presented in one of UNCTAD's deliverables under the Baku Initiative on Climate, Finance, Investment and Trade (BICFIT) Dialogue, to be launched at COP29 in Baku, Azerbaijan.

1 International private climate change investment[1]

The energy transition will take significant amounts of investment, over many years, in renewable energy generation, energy efficiency and energy infrastructure. To keep the world on track to meet the goal set out in the Paris Agreement of limiting global warming to, or close to, 1.5°C above pre-industrial levels will require investing about 1.5 times today's global GDP between now and 2050. International investment policies play a crucial role in creating the enabling environment for the flows in investment, technology, goods and services required for the transition.

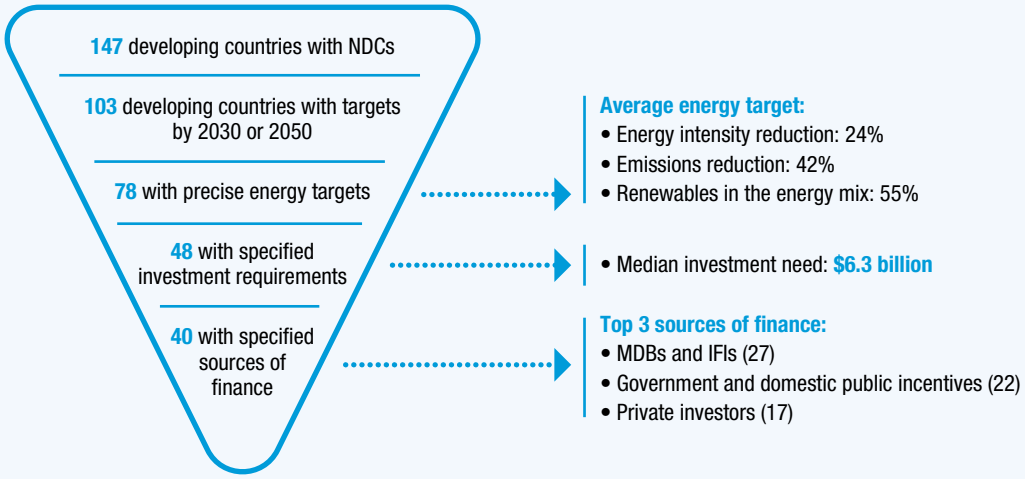
UNCTAD's investment and enterprise programme provides strategic guidance to foster policy coherence and create an enabling systemic framework that enhances transparency, dialogue, and cooperation on climate-related trade and investment measures. By ensuring that both national and international policy instruments and institutions are fit for purpose, UNCTAD supports the integration of climate objectives into investment policies. Additionally, it emphasizes the importance of facilitating investment-related climate action in developing countries, helping them to attract sustainable investments and transition to greener economies. These elements, including the measures to foster transparency, improve policy frameworks, and enhance support for developing nations, are discussed in detail below.

[1] This draft focuses on investment in the energy transition, in line with UNCTAD's Investment for Development framework. Subsequent iterations will extend the analysis to other climate-related investment sectors and articulate a comprehensive policy and technical assistance framework to support sustainable and inclusive development.

Renewable energy investment integration into NDCs

Only a few NDCs adequately address investment policy options to support transition strategies. In the area of investment, UNCTAD's analysis shows that out of 147 NDCs submitted by developing countries in 2023, only 48 provide information on investment requirements, and a minority of that group refers to policies aimed at attracting international sources of finance (UNCTAD, 2023a). Moreover, only 78 have precise energy targets. UNCTAD (2023a) showed that only a few developing economies identified precise mechanisms and policy guidance to attract international investment to energy transition plans. According to these targets, on average countries aim to reduce energy intensity by 24 per cent, cut emissions by 42 per cent and expand the share of renewables in the energy mix to 55 per cent (Figure 1).

Figure 1:
Investment focus on nationally determined contributions and energy transition strategies in developing countries



Source: UNCTAD, based on information from the United Nations Framework Convention on Climate Change, https://unfccc.int/NDCREG; London School of Economics, Climate Change Laws of the World, https://climate-laws.org.

To attract international investment, countries need to translate broad targets into detailed energy transition plans, incorporating asset planning, demand projections, and technical assessments. Successful examples include countries such as Cambodia, Chile, and Ghana, where energy transition plans are linked with industrial strategies, economic development, and infrastructure projects. Comprehensive planning—including clear renewable energy potential, energy demand forecasts, and sector-specific strategies—helps bridge the gap between NDCs and actionable investment policies.

Developing countries often fast-track investment policy measures to support the energy transition, but these are sometimes disconnected from their NDCs or broader national energy plans. As a result, many countries rely on generic incentives like tax breaks, which can be less effective in attracting renewable energy investments.

To improve investment integration into NDCs, a stepwise approach is needed, linking national climate targets with concrete investment strategies. This would help address infrastructure challenges, such as weak electricity grids, and attract more private investment into clean energy. However, most Investment Promotion Agencies (IPAs) are not deeply involved in crafting NDC-related policies, which limits their ability to promote renewable energy projects effectively. Therefore, countries must ensure policy coherence between NDCs, energy transition strategies, and investment plans to achieve better outcomes in sustainable energy investments.

Entry points for the inclusion of energy transition goals in NDCs

Foster a climate-friendly international trade and investment policy framework

International investment must play a key role in efforts to accelerate the actions and achieve the goals of the Paris Agreement. Trade and international supply chains built through cross-border investment foster cost reductions, economies of scale, competition and innovation in environmental goods and services. The global and regional supply chains underpinning the deployment of clean energy generation technologies are still being shaped through international investment in upstream activities, including R&D, the extraction and processing of critical minerals, as well as processing industries and component manufacturing.

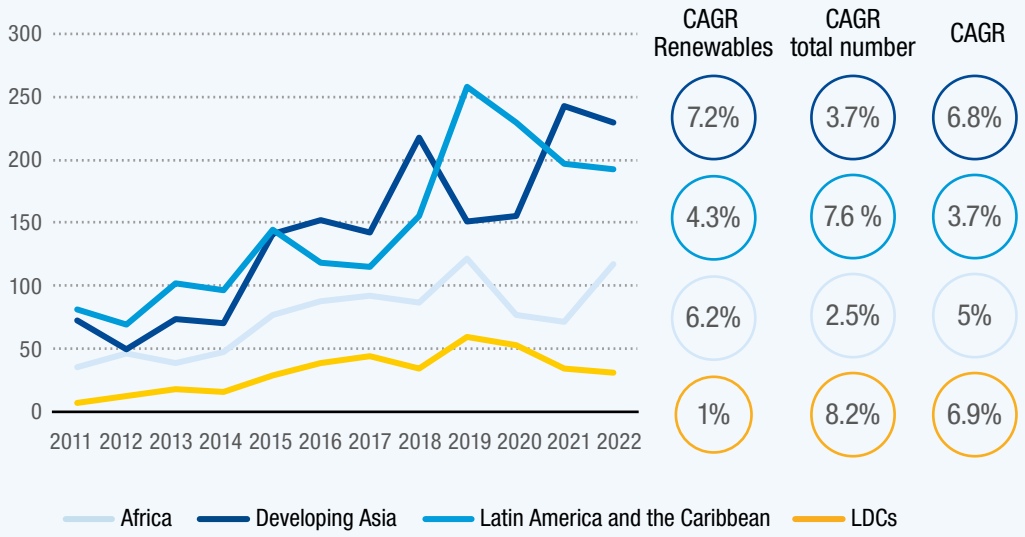
This presents a significant opportunity for developing countries with investments increasing; the number of new projects announced in critical minerals in 2021 and 2022 was more than double the average of the last decade. The value of announced projects in battery manufacturing tripled in 2022, to more than USD 100 billion (figure 2). Cross-border investment projects in solar and wind component manufacturing are also increasing, albeit from a low level.

To maintain and further accelerate the rate of growth of renewable energy capacity, it is important that the policy environment for investment in all segments of the supply chain remains sufficiently open. At the same time, the surging demand for critical minerals offers developing countries a pivotal opportunity to create jobs, diversify economies and boost revenues – but only if the minerals are mined and processed in a sustainable, fair and just way. To fully benefit from their critical mineral wealth, national policies should aim at securing maximum value locally, moving beyond mere raw material supply to promote economic diversification, and advance up clean energy and high-tech value chains. International cooperation to apply appropriate standards will be critical to ensure that the extraction and trade of minerals are carried out sustainably and responsibly, and that the supply of energy transition materials and equipment remains uninterrupted.

Ultimately, a key objective of climate-friendly investment policies should be to significantly increase the growth of international finance by supporting renewable energy investment in developing countries. In developing countries, on average, international project finance accounts for 55 per cent of all renewable energy project finance, a share that increases to 75 per cent in least developed countries (LDCs), indicating the much higher relative importance of international flows for developing regions. While FDI in the renewable energy

sector has nearly tripled since the adoption of the SDGs and the Paris Agreement in 2015, this growth has been unbalanced, with much of it concentrated in developed countries. Growth rates in developing regions have barely exceeded GDP growth and have lagged GDP growth in LDCs by a wide margin (see Figure 2).

Figure 2:
Renewable energy: international investment in developing regions, 2011–2022 (Number of projects)



Source: UNCTAD (2023a).

Note: CAGR is Compound Annual Growth Rate.

Promote and facilitate climate-essential investment through targeted policy instruments

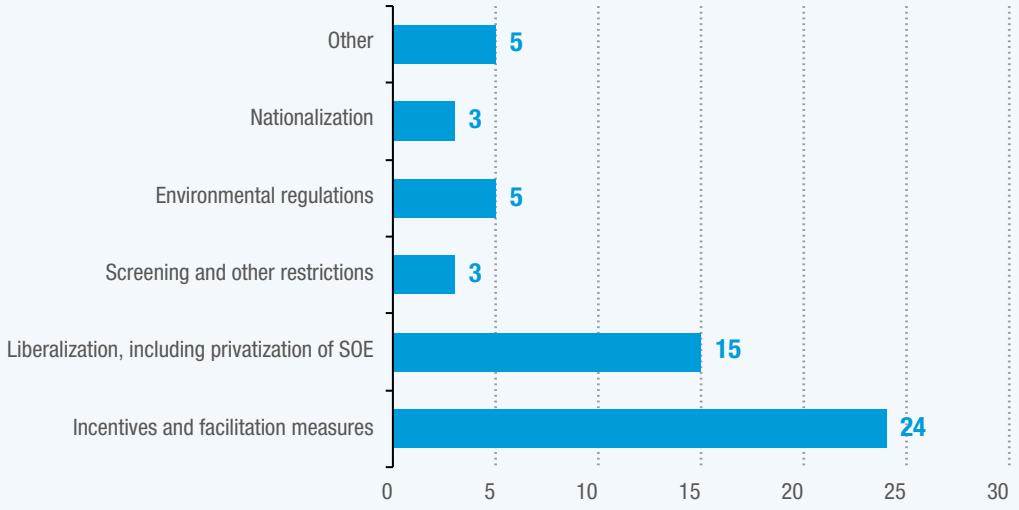
Looking specifically at investment policies in the climate change sector, a recent review of policy measures adopted across the world between 2010 and 2022 (UNCTAD, 2022) shows that initiatives to promote climate change adaptation and mitigation through FDI are still very concentrated in the renewable energy and electricity sector (60 per cent of the measures). For developing countries, it also highlights a trend in the direction of liberalization and promotion of investment in these sectors. Almost half of the measures targeted the promotion and facilitation of investment, and about 30 per cent opened the sector for foreign investment (figure 3). Conversely, in developed economies, 3 out of 4 measures were related to the introduction or enhancement of FDI screening mechanisms.

Out of the policy measures aiming to promote investment in climate change-related sectors adopted by developing countries, 42 per cent concerned specifically investment in renewable energy and 37 per cent aimed to promote and facilitate investment in green sectors and technologies in general. This latter category includes, for example, the promotion of FDI in energy-saving and environmental technologies or tax incentive

programmes in support of green industries. Finally, 21 per cent of policy measures concern the promotion of investment in the electricity and/or water sector in general (figure 4).

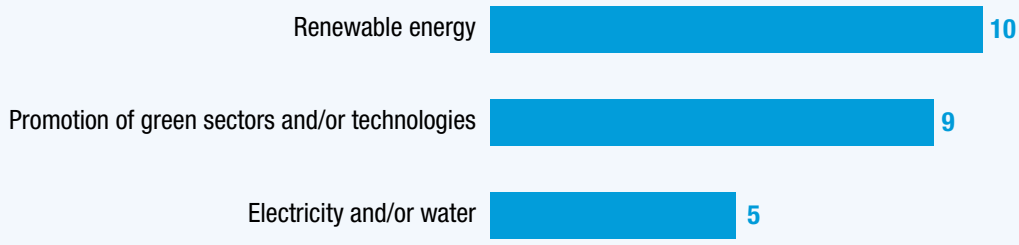
Persistent investment barriers in energy sectors mostly concern energy infrastructure, such as power grids and storage capacity. In fact, while international investment in renewable energy generation is growing, the involvement of international investors in energy infrastructure is still much lower. This is because electricity distribution is traditionally a highly regulated utility function with predominantly domestic, and often public equity involvement. However, with the clear interest on the part of international investors to finance renewable energy assets and with the connecting infrastructure often a bottleneck for new investments, the motivation for governments to accelerate energy sector reforms should increase significantly. In this context, production, transmission, and distribution are distinct segments, each potentially requiring different policy approaches to ensure balanced development and effective regulation.

Figure 3
Investment policy measures in climate change sectors, developing countries, 2010-2022 (Per cent of measures)



Source: UNCTAD (2023b).

Figure 4
Developing countries: Investment incentives and facilitation measures by sector, 2010-2022 (Percentage)



Source: UNCTAD (2023b).

UNCTAD analysis also shows that existing policy frameworks aimed at promoting investment in the energy transition are inadequate, especially in poorer nations (UNCTAD, 2023b). Around the world, two-thirds of countries have adopted renewable energy policies. However, only half of the Least Developed Countries (LDCs) and one-third of Small Island Developing States (SIDS) have done so. While developed and emerging economies have integrated private investment promotion mechanisms into over 70 per cent of their renewable energy policies, the same holds true for only 24 per cent of policies in LDCs and 17 per cent of those in SIDS.

In addition, when such policies exist, they typically lack a focus on the promotion of private investment. Similarly, in the case of clean energy technologies, efforts to develop comprehensive legal and regulatory frameworks have largely been limited to developed and large emerging economies. The policy tools employed to promote renewable energy are often not suited to country- and industry-specific situations. Developing countries and LDCs tend to rely more on generic promotion instruments, such as profit-based tax incentives, because of familiarity with those tools, their lower level of complexity and the fact that they do not require upfront expenditure of public funds. However, these instruments can be expensive in the long run (in terms of forgone government revenues), and their effectiveness in the promotion of renewable energy investment is often low because they do not directly tackle the key challenges for investors in the sector.

Advanced economies tend to use more complex and targeted mechanisms to promote investment in the renewables and energy infrastructure sectors (e.g. feed-in tariffs and auctions). The choice of the investment promotion instruments employed needs to take into account country, location as well as technology-specific criteria, including factors such as market size, regulatory capacities, and infrastructure gaps, which are critical for selecting the appropriate promotion tools for derisking investments and fostering their deployment.

Address measures that disincentivize investment in the clean energy transition

Inefficient fossil fuel subsidies encourage wasteful consumption and favour polluting technologies, slowing down the clean energy transition. Governments subsidize fossil fuels for various reasons, from promoting energy independence to reducing poverty. However, these measures entail high costs for human health, national budgets and the climate, while often failing to reach those who need them most.

Fossil fuel subsidies worldwide amounted to USD 1 trillion in 2022, a record level, and eight times the value of subsidies provided to renewable energy (UNCTAD, 2023b). Fossil fuel subsidies represent a disincentive to transition investment because they make it more challenging for renewable energy to compete, especially when it does not receive the same level of support. An added concern is that they are increasingly being allocated to fossil fuel producers rather than consumers. While phasing them out is complex, particularly for developing countries, doing so would help encourage investment in renewable energy.

Cumulative fiscal savings from fossil fuel subsidy reform are estimated to total close to USD 3 trillion by 2030, while total cumulative GHG emissions abated would reach 5.4 gigatonnes of carbon dioxide equivalent (GtCO2e) by 2030 – equivalent to the annual

emissions of about 1,000 coal-fired power plants or 3.8 billion cars (IISD, 2021). Thus, rationalizing inefficient fossil fuel subsidies that encourage wasteful consumption in line with SDG 12c, and repurposing savings from fossil fuel subsidy reform into renewable energy and energy efficiency should be part of a strategy to reduce energy poverty and meet climate mitigation goals.

Ensure investment policies are embedded in just transition policy frameworks

Trade and investment policies must be integrated into a comprehensive and coherent policy framework to ensure that the energy transition is just and fair. Trade and investment policies should be designed not just to accelerate the energy transition and boost innovation but also to support achieving important social goals, such as the affordability of energy for households and providing access to electricity to the 685 million people who are currently living in energy poverty. Governments also need to manage potential disruptions caused by job losses in affected sectors and to ensure that the new jobs created in clean energy are widely spread. Employment in the renewable energy sector alone totalled 11.5 million jobs worldwide in 2019 and is expected to quadruple by 2050. As part of a successful energy transition, governments should also consider the role of incentives and cooperation, skills training, and other labour market policies to promote knowledge and technology transfer of clean energy technologies to developing countries.[2]

Use investment facilitation to foster supply chain resilience

During the Covid-19 pandemic large FDI recipient countries took investment facilitation measures to ensure continued operations in foreign affiliates, especially those in critical industries (UNCTAD, 2024). Streamlining and digitalization of business and investment procedures were also widely deployed to ensure continued access to government services during lockdowns, and to facilitate the distribution of financial support.

Promote responsible agriculture investment and strengthen the provision of public goods

Shocks due to more frequent and intense extreme weather events are exacerbating instability on food and agricultural markets, while shifts in temperature and precipitation patterns are affecting production, consumption and trade, with consequences for people's livelihoods and food security.

Food price inflation and the impact of the war in Ukraine on commodity prices have further exacerbated food insecurity in developing economies, especially in some of the poorest and most vulnerable countries. Significant investment in transforming agrifood systems is also needed for climate change adaptation. However, international investment in agriculture

[2] See Box 1 on capacity building to advance climate action.

and in agrifood systems more broadly (including basic agricultural production, food processing, the production of seeds, fertilizers and pesticides, and related technology and R&D activities) has been stagnant since the adoption of the SDGs. In 2022, international investment project values in agrifood were only 6 per cent higher than in 2015 (UNCTAD, 2023a).

Past initiatives to promote investment in agrifood systems led to the development of a set of principles for responsible investment in agriculture (PRAI) by UNCTAD, the FAO and the World Bank. They aim to support food security, nutrition, and the improvement of sustainable livelihoods for smallholders in a responsible and environmentally friendly way. They include actions to address a range of environmental, social, and economic issues.

While the principles have focused on making international investment more sustainable, renewed policy efforts are now urgent to boost investment volume in agrifood systems, especially in developing countries. This also means strengthening the provision of public goods to incentivize the investment needed to raise farm productivity sustainably, for example, by improving the availability of extension and advisory services, investing in research and development, promoting access to technologies and innovation, and improving infrastructure in rural areas. As farmers are the largest investors in developing country agriculture, they must be central to any strategy aimed at improving agricultural investment (FAO, 2012).

Embed investment policies that affect agricultural and food markets in climate strategies

The stagnation of international investment in the agrifood sector is in part the result of poorly functioning markets for food and agricultural products. Market deficiencies also undermine the resilience of producers and consumers to climate change, with those on low incomes particularly vulnerable. Inadequate environmental regulations can mean the true cost of food and farm goods is not reflected in their price.

Integrating investment policies that affect agriculture and food markets into NDCs, and National Adaptation Plans (NAPs) can make a constructive contribution towards countries' mitigation and adaptation goals. For example, as part of their preparation of NDCs and NAPs, countries can usefully revisit the impact of import and export restrictions on food and agricultural markets as well as how support policies affect different types of economic actors, with a view to strengthening the ability of producers to compete fairly and sustainably on global markets. Improving the functioning of markets for food and agriculture can further strengthen climate adaptation and mitigation by improving food security and nutrition outcomes, and by strengthening the ability of producers, consumers, and traders to cope with climate-related shocks (WTO, 2022).

Robust environmental legislation can ensure that food and farm goods reflect their true costs when these products are traded on domestic or international markets. Domestic policies can be designed so they do not unfairly undermine the ability of producers and consumers in other jurisdictions to adapt to climate change or impede their efforts to reduce greenhouse gas emissions.

Ensuring policy coherence and enabling systemic framework for climate-friendly investment policies

Improve transparency on investment-related climate measures

Recently, a growing number of governments have announced ambitious policy packages to stimulate investment in the energy transition and to move their economies on a more sustainable path. Investment policies are seen as essential components of these packages. Joint monitoring of investment policy measures by the WTO, UNCTAD and the OECD for the G20 confirms an increasing trend in the adoption of investment-related climate change mitigation measures.

Accelerate the reform of international investment agreements (IIAs) and investment provisions in trade agreements

The energy transition adds to the urgency of reform of international investment governance, which calls for making national and international policy instruments and institutions fit for purpose regarding climate action. Older generation IIAs can hinder States' capacity in the implementation of policy measures needed for the energy transition. Most new-generation IIAs fare relatively better by safeguarding States' right to regulate, but they remain weak in incorporating provisions that proactively promote sustainable energy investment.

The number of investor-State dispute settlement (ISDS) cases related to the fossil fuel and renewable energy sectors is rising. In the fossil fuel sector, investors have been frequent ISDS claimants, initiating at least 219 cases against different types of State conduct. In the renewable energy sector, the last decade has also seen the emergence and proliferation of ISDS cases, with 119 known cases. Many of these cases challenged legislative changes involving reductions in incentives or feed-in tariffs for renewable energy production.

Various options exist to transform IIAs into tools that are conducive to sustainable energy investment and climate objectives (UNCTAD, 2023a). UNCTAD has developed a toolbox with policy options in four areas (Table 1): the promotion and facilitation of investment, technology transfer, the right to regulate, and corporate social responsibility. Renegotiation, amendment and termination of the large stock of old-generation IIAs are the main options to ensure that the international investment regime contributes to – and does not hinder – sustainable development.

Table 1
IIA reform toolbox: promoting investment in sustainable energy.

Promoting and facilitating sustainable energy investment	Incorporate IIA provisions that aim at actively promoting and facilitating sustainable energy investment.
	Provide for preferential treatment of sustainable energy investment.
	Establish institutional mechanisms for cooperation on research and development (R&D) of sustainable technologies.
	Commit to technical assistance on the adoption of investment facilitation measures for sustainable energy.
Technology transfer and diffusion	Encourage the transfer of low-carbon and sustainable technologies, including related know-how.
	Make efforts to create an enabling environment for receiving technology.
	Allow certain kinds of performance requirements relevant to the energy transition.
	Ensure that the protection of IP rights does not unduly impede the diffusion of technology.
Right to regulate climate action and the energy transition	Refine the content of investment protection standards and reform ISDS with regard to energy investments.
	Acknowledge the need for regulatory flexibility.
	Include general exceptions related to climate change and the energy transition.
	Clarify provisions on compensation and damages (where applicable).
Corporate social responsibility	Include binding obligations related to corporate social responsibility.
	Specifically require energy investors to comply with requirements for sustainable investment.

Source: UNCTAD (2023a).

Strengthen institutions and international initiatives for investment facilitation to contribute to climate goals

Many countries have adopted specific policy measures for the promotion and regulation of sustainable energy investment. These are often motivated by the targets set in NDCs. In many countries, the general-purpose incentive mechanisms applicable to investment across industries are also used for energy transition investment. Investment promotion instruments should instead consider the specific characteristics of energy investment, including high upfront capital expenditures and the need for long-term visibility on income and costs to facilitate debt financing.

In developing countries, especially, traditional fiscal incentives (income tax reductions) abound, as do other common measures such as indirect tax reductions or exemptions on duties on the import of capital goods. Although these measures can work, approaches that specifically address the needs of the energy sector in transition have proven to be more effective. Feed-in tariffs, electricity price guarantees and quota-based instruments such as renewable portfolio standards, renewable purchase obligations or renewable energy certificates, which are designed to increase the use of renewable energy, are increasingly common in energy markets that attract more investment.

The role of investment policymakers, authorities and promotion agencies in energy transition planning should be enhanced. Currently, they are mostly policy-takers, perceiving priorities for investment attraction from the needs formulated in NDCs and energy transition strategies. Their involvement as policymakers in formulating energy transition plans could help ensure that such plans provide a sufficient basis for the design, packaging, bundling and marketing of bankable projects.

In addition to such a tailored approach, the energy transition could further benefit from broader international initiatives on facilitating investment. The negotiations on an Agreement on Investment Facilitation for Development, which are ongoing among over 110 WTO Members,3 focus on transparency, cooperation, and capacity building to enable countries, and notably developing countries, to attract not only more investment, but investment better targeted to their sustainable development needs. Other initiatives on investment facilitation at regional and bilateral levels aim to do the same.

[3] Including 80 developing countries, among which 21 LDCs.

2
Assessing the climate-friendliness of investment policy measures

The following checklist aims to help policymakers assess the climate-friendliness of their country's investment policy frameworks and individual policy measures, focusing on energy-related policies. It consists of two parts. 5.1 contains questions that specifically follow the pathways set out in section 3.3, insofar as they fall within the competence of national investment policymakers. They allow policymakers to test their overall policy frameworks against the pathways. 5.2 contains a broader set of questions that can help guide discussions on the climate-friendliness of new investment policy measures.

3
Guiding national investment policy frameworks against the pathways

Accelerating the energy transition

1. Does the country's NDC consider international investment policies, in terms of the contribution they can make to emission reduction targets and to climate finance? Does the NDC set out investment needs and options to raise climate finance?
2. Does the NDC contain sufficient information on energy transition plans to engage in effective investment promotion, including details such as demand projections, energy mix, infrastructure gaps, energy potential, and potential project sites?
3. Are there investment restrictions on goods and services needed for the uptake of clean energy technologies? How do investment measures in environmental goods and services compare to other sectors? Are there policies or initiatives aimed at promoting or facilitating investment in these goods and services?
4. Are there private investment or foreign ownership restrictions in infrastructure sectors, especially the energy sector? Do energy sector regulations facilitate international infrastructure or renewables investment?
5. Are there investment barriers and support measures in place that can distort food and agricultural markets? Do policies that affect agricultural trade and investment reflect and contribute to climate action strategies?

6 Does the country carry out an assessment of the impact of new climate policy measures on international investment? Are new climate policy measures tested against commitments under investment agreements or governance frameworks?

Making national and international policy instruments and institutions fit for purpose with regard to climate action

7 To what extent has the country addressed climate change in its investment agreements? Do these investment agreements promote increased cooperation on climate change issues, such as on investment in environmental goods and services?

8 Has the country engaged in the process of reforming international investment agreements (IIAs)? Has it carried out an assessment of risks associated with IIA commitments in relation to climate policy measures, including an analysis of existing covered investments and investors, applicable IIAs and their provisions, and the likelihood of potentially actionable policy measures? Do the country's IIAs contain provisions that positively contribute to facilitating sustainable investment?

9 Have the country's export and investment promotion agencies been engaged in the development of the NDC or energy transition strategy? Do the objectives of these agencies include the promotion of investment needed for climate change mitigation and adaptation?

10 Is the country's investment promotion and facilitation strategy, and its related toolbox, focused on promoting and facilitating investment in the energy transition and in other mitigation and adaptation sectors? Are incentives available to investors in energy infrastructure the same as for other sectors, or is there a customized set of promotion mechanisms?

11 To what extent do energy sector authorities and institutions and investment authorities and promotion agencies collaborate to stimulate investment in support of the energy transition? Do they engage in collaboration with multilateral agencies or outward investment promotion institutions to maximize the potential?

Guiding discussions on the climate-friendliness of new investment policy measures

1. Climate Alignment: Does the policy align with the objectives of the Paris Agreement and national climate commitments? Does it contribute to achieving the targets set for reducing greenhouse gas emissions and limiting global warming?
2. Sustainable Development: Does the policy support the Sustainable Development Goals (SDGs), particularly SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action)? Does it promote economic growth and social well-being while ensuring environmental protection?
3. Just Energy Transition: Does the policy consider the socio-economic impacts of transitioning to cleaner energy sources? Does it include measures to support communities and workers affected by the shift away from fossil fuels?
4. Renewable Energy Promotion: Does the policy incentivize and promote the use of renewable energy sources in trade and investment activities? Does it encourage investments in clean energy infrastructure and technology?
5. Sustainable Finance: Does the policy facilitate access to sustainable finance and investment for climate-friendly projects and initiatives? Does it encourage the private sector to invest in sustainable projects?
6. Carbon Emissions Reduction: Does the policy incorporate mechanisms for emissions reduction in trade and investment activities? Does it encourage the adoption of low-carbon technologies and practices?
7. Circular Economy: Does the policy encourage the adoption of circular economy principles to minimize waste and resource consumption? Does it promote sustainable production and consumption patterns?
8. Climate Resilience: Does the policy consider climate resilience in trade and investment decisions, especially in vulnerable regions? Does it address the potential risks of climate change impacts on international trade and investment?
9. Energy Security: Does the policy ensure energy security by diversifying energy sources and reducing reliance on fossil fuels? Does it promote the development of resilient energy infrastructure?
10. Technology Transfer and Capacity Building: Does the policy facilitate technology transfer and capacity building in clean energy and sustainable practices for developing nations? Does it promote international cooperation and knowledge sharing on climate-friendly initiatives?
11. Monitoring and Evaluation: Does the policy include mechanisms for monitoring and evaluating its effectiveness in promoting climate-friendly trade and investment? Does it allow for periodic reviews and adjustments to stay aligned with evolving climate objectives?

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