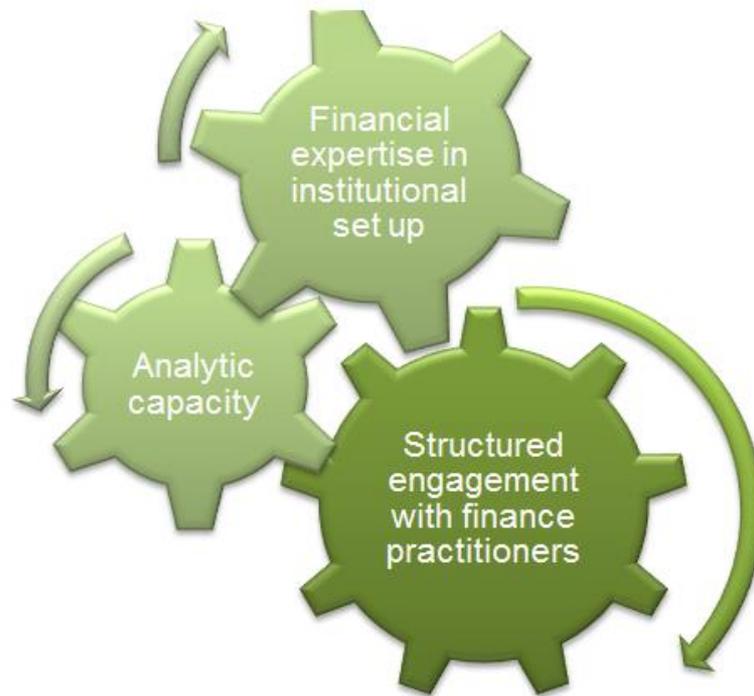


Annex 1

'Investment Confidence' for Governments: Integrating investment into climate-related policymaking

Can the Taskforce on Climate-Related Financial Disclosures (TCFD) framework help Governments? Starting points for a basic review template .



Climate-related Finance for Governments?



TCFD Framework

Governance

The organization's governance around climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management

The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Integrating 'investment' into Government: a 'TCFG' Review

- **Governance:** is a structured assessment of climate-related investment integrated into decision-making across government and its departments/units?
- **Strategy:** is it a cross-economy priority to establish conditions to secure climate-related investment, and reflected in policies and plans? - Is there an **Investment Assessment** process in place to test investment assumptions with capital providers?
- **Delivery Risk Management:** does the Investment Assessment process identify and manage risks to meeting specific goals, short and medium term?
- **Metrics and Targets:** are there metrics and processes in place (qualitative & quantitative) for monitoring risks and whether plans are on track to deliver the investment assumed?

TCFD – original implementation table for companies & financial institutions to integrate climate risk/opportunities

Governance	Strategy	Risk Management	Metrics and Targets
<p>Disclose the organization's governance around climate-related risks and opportunities.</p>	<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p>	<p>Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.</p>
<p>Recommended Disclosures</p>	<p>Recommended Disclosures</p>	<p>Recommended Disclosures</p>	<p>Recommended Disclosures</p>
<p>a) Describe the board's oversight of climate-related risks and opportunities.</p>	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	<p>a) Describe the organization's processes for identifying and assessing climate-related risks.</p>	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>
<p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p>	<p>b) Describe the organization's processes for managing climate-related risks.</p>	<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>
	<p>c) Describe the potential impact of different scenarios, including a 2° c scenario, on the organization's businesses, strategy, and financial planning.</p>	<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>

Governance

Strategy

Delivery Risk Management

Metrics

Is an assessment of climate-related investment integrated into decision-making across government (national/local)?

- Is there an **Investment Assessment** process in place to test investment assumptions in the strategy and its implementation policies with capital providers?

Does the Investment Assessment process identify and manage **risks** to meeting specific goals, short and medium term?

Are there metrics and processes in place for monitoring risks and whether plans are on track to deliver the investment assumed?

- **[Board / Ministerial level]** Is there a Head of Government-led, cross-department governance process for delivering climate-related outcomes?

- Is there structured engagement with financiers on strategic market factors and developments linked to implementation?

- **[Management]** has existing in-house finance capacity been brought in (e.g. DFIs, procurement or regulation) or put in place to help lead policymakers?

- Will strategy and policy outcomes be integrated into decision-making for **the whole economy** (including Treasury overall budget-setting)?

- **Early strategy development:** have risks /opportunities for investment linked to sector-level implementation goals been identified (short, med., long-term)?

- **Policy Design:** does the design of policies and tools respond to those risks? Have investment assumptions been tested with capital providers anticipated to respond? Have specific risk areas been identified?

- **In-house:** are Treasuries, DFIs, central banks on board?
- Is this integrated into overall economic and development planning under different scenarios (pace and scale of actions across the economy, infrastructures, SDGs)?

- Is an Investment Assessment in place to pick up **changing risk factors** to securing investment identified during the design of policies and plans?

- **Timely response:** Is there a process in place to respond to specific risk factors in a timely fashion (including budget and regulatory decision-making)?

- **Integration:** is there an assessment of unintended consequences from other government strategies or from changing external conditions?

- **Qualitative:** Is there a structured engagement process in place with relevant investors to enable monitoring in line with strategy and delivery risk management; covering policy specific and external impacts on investment & investor perception.

- **Quantitative:** Have metrics or leading indicators been identified to assess the forward investment environment, including the development and early stages of the project cycle?

- **Data/Response:** is market data accessed how does it feeds back to strategy and delivery?

- Is there an **'innovation dashboard'** to monitor system-relevant innovation?