

CEB's Paris Alignment Framework and Roadmap

The CEB is committed to align its activities with the goals and principles of the Paris Agreementⁱ and to enhance the integration of sustainability and climate change considerations in its operations. This document presents the Bank's progressive operationalisation/alignment with the Paris Agreement and clarifies the "social lens" through which the CEB approaches climate-related issues, describes the elements of the CEB's Paris alignment framework, and sets out a phased roadmap spelling out objectives and actions for the coming years. While this document does not entail a strategic reorientation of the CEB's activities, it foresees the enhancement of some internal systems in line with evolving regulation, methodologies and best practicesⁱⁱ.

Introduction

The climate crisis is one of humanity's main global challenges. The Intergovernmental Panel on Climate Change's report *Climate Change 2021: The Physical Science Basis*, shows increased chances of crossing the global warming threshold of 1.5°C, beyond which a marked increase in climate-related risk for human and natural systems is identified, including from long-term or irreversible changes. The impacts are already being felt in Europe and worldwide, and will profoundly affect our economies and the fabric of our societies.

Growing socio-economic inequalities, underinvestment in social infrastructure, accelerating climate change and continued environmental degradation threaten economic development and social progress, including in Europe. Their interaction has made our economies and societies less capable of managing unforeseen shocks and less resilient to their consequences.ⁱⁱⁱ

The Paris Agreement represented a paradigm shift in climate policy as the first-ever universal, legally binding climate change agreement. Its main goals are to limit global warming to well below 2°C above pre-industrial levels, pursuing efforts to limit it to 1.5°C and to achieve climate neutrality by 2050, while strengthening countries' capacity to manage climate change impacts and increasing support for developing countries. The Agreement calls for all Parties^{iv} to submit comprehensive and increasingly ambitious climate action plans (Nationally Determined Contributions, NDCs). Yet global commitments to reduce GHG (greenhouse gas) emissions continue to fall well short of reaching temperature objectives^v.

The Paris Agreement recognises the key role of non-Parties actors, including financial institutions, and calls for the alignment of financial flows with its goals in Art 2.1(c). Increasing concerns about the impacts on financial stability^{vi} of climate change and of delays in responding to it are reflected in the recommendations of the Financial Stability Board Task Force of Climate-related Financial Disclosure^{vii} and work by the ECB^{viii} and other Central Banks and financial regulators in the Network for Greening the Financial Systems. Financial institutions therefore face growing expectations regarding the scope of activities they should align with the Paris Agreement.

In its Development Plan 2020-2022, the CEB committed to align its lending activities with the goals and principles of the Paris Agreement. For this purpose, the CEB set up a dedicated governance structure that reviewed its activities to assess their current level of alignment, identify areas where further actions are needed and phase the necessary steps to fulfil this commitment. The work built on the joint MDB approach to Paris alignment, alongside others, to define a methodology tailored to the Bank's specificities.

This document operationalises this existing commitment, clarifying what being "Paris-aligned" means for the CEB given its mandate, size and operating model. Specifically, this document:

- clarifies the "social lens" through which the CEB approaches climate-related issues,
- describes the elements of the CEB's Paris alignment approach,
- sets out a phased roadmap for the progressive Paris alignment of the Bank's activities,

- shows that the operationalisation of the existing commitment does not entail a strategic reorientation of the CEB's activities, while requiring the enhancement of some internal systems in line with evolving regulation, methodologies and best practices.

The CEB's social lens on climate change: a social inclusion-climate change nexus

The climate crisis is also a social crisis that exposes and exacerbates inequalities and can undermine the advancements achieved through social development policies and investment. The most vulnerable groups are generally the most impacted by climate change, the least resilient to its economy-wide impacts and may bear a disproportionate burden in the transition to a low-carbon and resilient future. In addition, their voice may not be adequately represented in the climate-related decision-making processes.

Climate change policy has recognised the importance of social considerations and equity principles from the start.^{ix} The United Nations Framework Convention on Climate Change acknowledges the negative impacts of climate change on socio-economic systems, human health and welfare and calls for the assessment of social benefits and negative impacts before proposing adaptation or mitigation initiatives. The social dimensions of climate change have gained prominence over time, including in the Paris Agreement and increasingly within countries' Nationally Determined Contributions,^x particularly as regards adaptation, where priority areas include human health, food security and freshwater resources.

Addressing climate change is increasingly seen also as an opportunity to leverage positive social transformations within a sustainable development framework integrating social, economic and environmental dimensions. The 2030 Agenda for Sustainable Development spells out an integrated vision and action plan to end poverty, reduce inequality, improve health and education and spur economic growth, while tackling climate change and working to preserve ecosystems and biodiversity. Opportunities for integrated actions are growing thanks to improved understanding of the interaction between social inclusion and climate change.

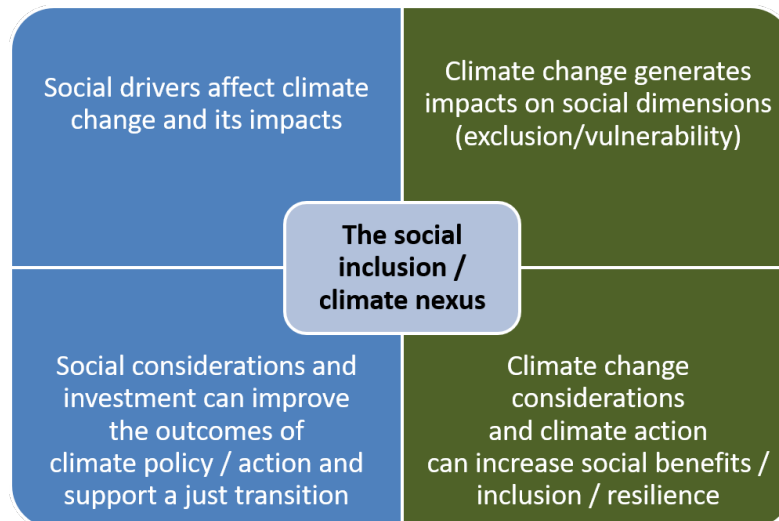
The EU has been at the forefront of promoting and implementing an integrated approach between socio-economic development and sustainability. In 2019, it launched the Green Deal as its development strategy to deliver its climate change commitments, environmental protection and enhancement, a just and inclusive transition and a more competitive EU economy. Its goal is to improve the well-being and health of EU citizens and future generations, creating future-proof jobs and skills training for the transition and supporting those most affected by the transition itself. In 2018, the European Commission (EC) launched the Action Plan on Financing Sustainable Growth aimed at reorienting capital flows towards sustainable investment to achieve sustainable and inclusive growth, managing financial risks stemming from climate change, environmental degradation and social issues and fostering transparent reporting and as well as prioritising long-term investments over short-term gains in financial and economic decision-making. The resulting regulatory changes and guidance will have an important impact on financial institutions and markets.

The CEB is a multilateral development bank with a unique mission to promote social cohesion throughout Europe. The CEB finances investment in social sectors, including education, health and affordable housing, with a focus on the needs of vulnerable people. It approves projects according to strict social, environmental and governance criteria, and provides technical assistance.

In recent years, the CEB has increasingly integrated climate change consideration in its operations. The Bank already screens all projects for climate-related risks and identifies climate mitigation and adaptation components in its operations, tracking climate finance consistently with the Common Principles adopted by the MDBs and International Development Finance Club (IDFC). The Bank also reports the absolute and relative emissions of its operations. The CEB's methodology for GHG accounting differs from those of other MDBs due to the specific composition of the CEB's portfolio (social and granular investments) and includes GHG reporting for operations that would be left unreported by other MDBs, leading to non-comparable results. It has also reported the carbon footprint of its internal operations since 2016 and has introduced a number of actions to reduce their climate-related and environmental impacts.

As the social development Bank of Europe and the only MDB with a uniquely social mandate, the CEB focuses on the people-planet-prosperity equation through a people-centred lens. This considers how people are impacted by climate change and by the transition to a climate neutral and resilient future. The CEB’s conceptual framework recognises impacts of social dimensions, policies and investment (the core of the CEB’s mandate) on climate outcomes alongside the impact of climate change, policy and action on social inclusion as depicted in Figure 1 below:

Figure 1: The social inclusion - climate change nexus



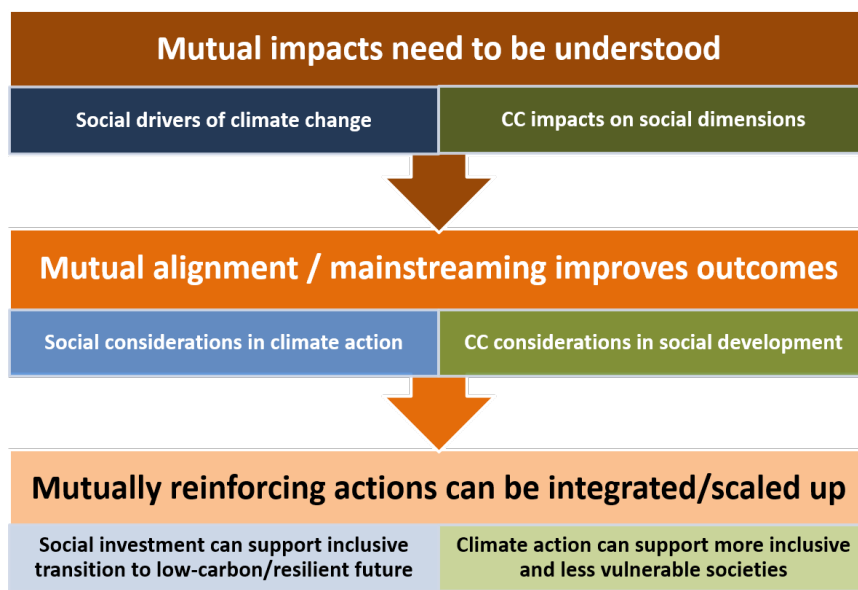
Today, we have a much better understanding of the social drivers of climate change and of climate-related impacts on social inclusion. Socio-economic processes including consumer behaviour, and production patterns are key drivers of climate change and response measures depend on people and their capacity to change to be successful. In turn, there is growing recognition and evidence of the impact climate change has on different social groups. The WHO identified climate change as the major threat to human health and health systems.^{xi} Access to basic services, such as water supply, and food security are already affected by climate-related dynamics, which the IPCC foresees will rapidly worsen. There is also mounting evidence on the impact of climate change on the right to housing, with vulnerable people, including minorities, being the hardest hit. This can be observed in developed and developing countries alike, with a visible increase in a “climate gentrification phenomenon” that further exacerbates the challenge of mounting housing poverty worldwide^{xii}. Continued inaction can generate rapid disruptive shocks affecting our economic systems and our societies and trigger massive internal^{xiii} and international migration flows.

Beyond mitigating negative impacts, addressing climate change can provide opportunities to leverage positive social transformations, with a particular focus on the needs of the most vulnerable, within a comprehensive sustainable development framework. The CEB’s social mandate, capacity to rapidly respond to emergency situations and focus on improving the living conditions of the most disadvantaged population groups, render it especially well positioned to address the social dimensions of climate change. Considering the inter-linkages between social development and climate change, the CEB can help deliver its Member States’ social cohesion objectives while ensuring their alignment with the transition towards a low-carbon and climate-resilient future. Special attention needs to be devoted to increasing the resilience of the most vulnerable groups and enhancing their role in the definition and implementation of solutions. This approach also calls for the social inclusiveness of transition pathways, considering the fulfilment of basic needs, health outcomes, equity, social protection, decent work, stakeholder participation, among other aspects. The CEB’s specific social inclusion focus is therefore very valuable in helping deliver the climate agenda as well.

For the CEB, applying a social lens to the climate action space means the following (Figure 2):

- **Understanding mutual impacts:** supporting the nexus starts from an analysis of the interactions between (i) social drivers of climate change and its impacts, and (ii) climate change impacts on social dimensions and on the capacity to achieve social development / SDGs;
- **Considering social dimensions in climate action and vice versa:** based on improved understanding of mutual impacts, (i) consider relevant social dimensions in the design and implementation of climate policies and investment and conversely (ii) include climate change considerations in the definition of social development policies and investment;
- **Identifying areas of its social mandate where co-benefits exist:** it is possible to identify and support social policies and investments with a positive impact on climate outcomes as well as climate policies and action with a positive impact on social inclusion and societal resilience.

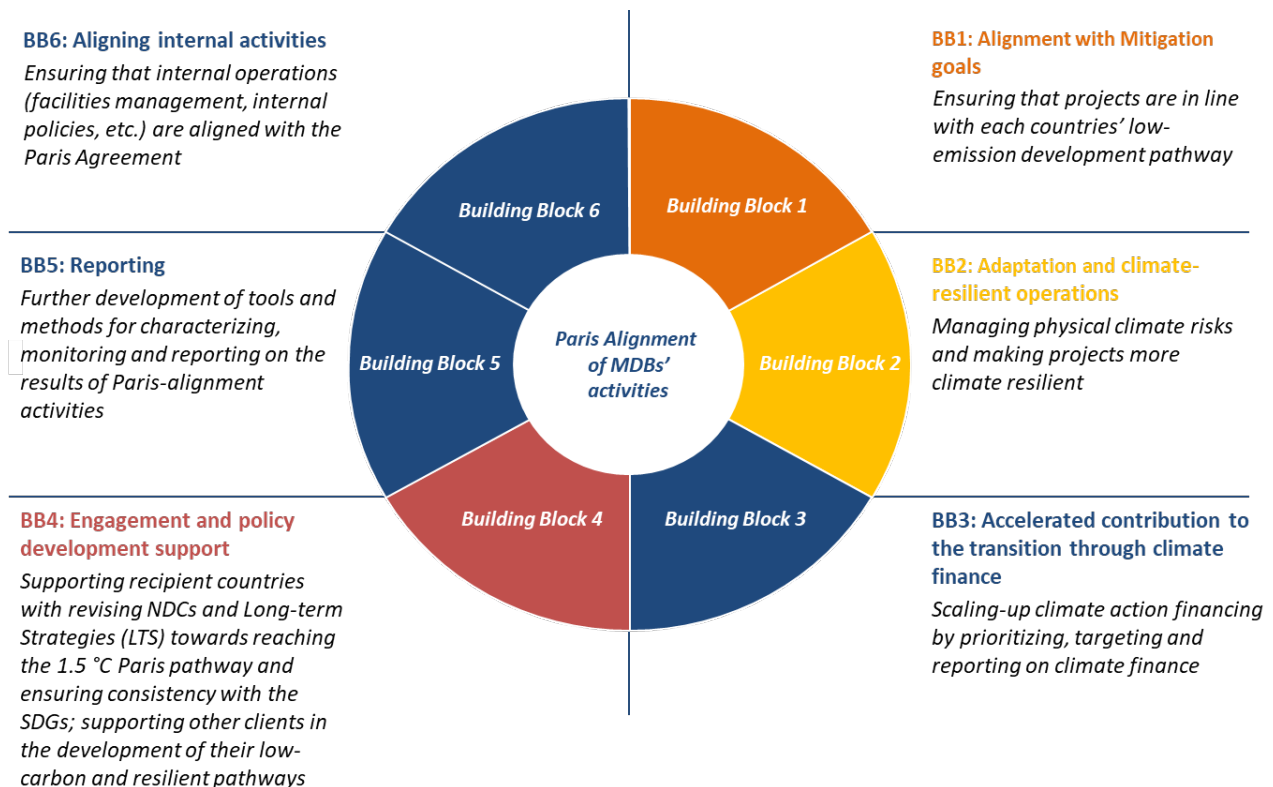
Figure 2: Applying the CEB's social lens



The CEB's Paris Alignment Framework

The MDB Paris alignment framework is the appropriate starting point to define an approach that is fit for purpose for the CEB. The MDB framework (Figure 3), organised around six thematic building blocks, provides the most comprehensive approach to Paris alignment to date and its elements are deemed compatible with most of the CEB's activities. The CEB has been following the development of the different elements of the MDB framework since its launch and joined the MDB Climate Change Coordination group in March 2021 to participate in the development of its further operationalisation.

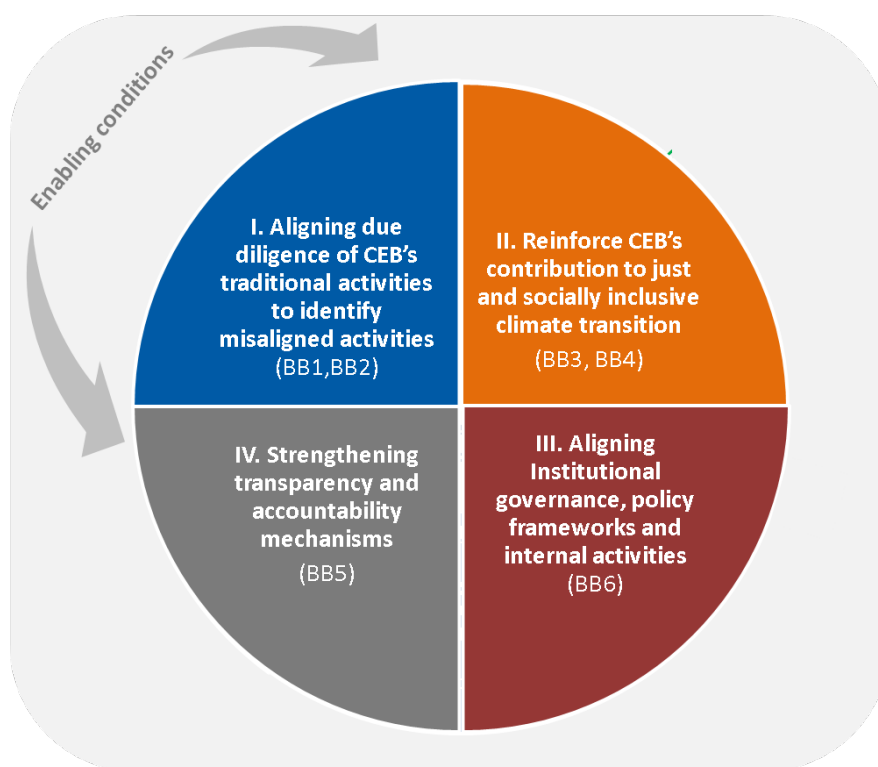
Figure 3: MDBs Paris alignment framework and its six building blocks



The CEB welcomes the explicit recognition that the approach should be tailored to the specific mandate, operating modalities, starting point and resources of each MDBs. The CEB also welcomes the MDB's recognition that developing and applying the tools and methods required to align will represent a considerable challenge in terms of technical capacity and may have budgetary implications depending on the ambition of the proposed actions.

The CEB has defined an integrated approach to progressively align its activities with the goals and principles of the Paris Agreement that is in line with its mandate and social focus. The CEB Paris alignment framework breaks down its commitment into four main work streams, which are clearly mapped to the building blocks of the joint MDB framework. The proposed CEB framework (Figure 4) spells out the necessary actions and proposes a comprehensive approach to ensure the CEB's activities are not misaligned with and do no significant harm to its low-carbon and climate-resilient objectives. It also identifies areas of the CEB's activities where opportunities exist to simultaneously promote social inclusion and climate-related objectives. To achieve the above, the Bank also needs to further mainstream climate considerations in its strategies, approaches and activities beyond financing operations. Reporting on these actions is another priority requirement.

Figure 4: CEB Paris alignment framework - mapped to the MDB's Paris alignment approach



The CEB's Paris alignment framework build on the CEB's specific social lens on climate action spelled out in the nexus. The first work stream addresses the importance of enhancing due diligence to mainstream social inclusion and climate change considerations to ensure mutual alignment. The second work stream concerns the Nexus' call to identify mutually reinforcing investment and policies. The third work stream is about aligning the other dimensions of the Bank's activities, beyond project financing and technical advice so that the CEB can progressively align all financial flows. To do so, the Bank will consider peers' best practice, and "walk the talk" by adopting the approaches that it progressively requires from its client. The fourth work stream is about meeting stakeholders' demand for increasingly transparent and granular reporting on climate-related issues.

The operationalisation of the Bank's Commitment to Paris alignment taken in the Development Plan 2020-2022 does not entail a strategic reorientation of the CEB's portfolio or the Bank's operating model. A preliminary Paris Alignment review of the existing CEB portfolio was carried out to test the MDBs' approach to aligning direct investment with the temperature goals (MDBs' Building Block 1-BB1) and with the resilience goals (MDBs' Building Block 2-BB2) and thus assess the potential consequences for the CEB's portfolio. The main findings of the review indicate that the great majority of the lending activities reviewed can be considered aligned on the basis of the BB1 approach, given that, as per its mandate, the CEB does not finance projects in most of the GHG-intensive sectors. For a relatively small subset, further analysis would need to be undertaken in the future to assess if the operations are Paris-aligned. As regards the assessment and management of climate-related risks under BB2, the CEB's systems and due diligence will be strengthened to enhance the alignment of operations with the resilience goals of the Paris Agreement.

The CEB Paris Alignment Roadmap

The CEB commits to align all its direct financing operations (i.e. operations with pre-defined use of proceeds and a known geographical location) by 1 January 2023 (operations approved by its 1st Administrative Council of 2023), and align all CEB financing by 1 January 2024 (operations approved by its 1st Administrative Council of 2024).

1. Adjusting due diligence of the CEB's traditional activities: Identify misaligned activities and work with clients to align future financing operations

The first dimension of aligning the CEB's investment portfolio with the Paris Agreement is about orienting the bank's financing to projects that do not significantly increase global temperature and do not have high and unmanaged climate-related risks. Climate-related risks will progressively be identified, assessed, and managed throughout the CEB project cycle until the completion stage at the project, counterparty, and portfolio level. Specific actions are described below.

1.1 Aligning operations with the mitigation goals and principles of the Paris Agreement, in line with the MDBs BB1 approach and good practices. As per its mandate, the CEB does not finance projects in most of the GHG-intensive sectors such as fossil fuel extraction and transport, including gas pipelines, fossil fuel-based energy generation, heavy industry and carbon intensive transport-related investments. Some areas of CEB direct lending¹, however, have the potential to generate relatively large GHG emissions through their use or operation, including wastewater treatment, waste to energy power generation, district heating and some investment in cities that may be seen as favouring the use of fossil fuel-based vehicles. Meanwhile, additional elements can be found in its intermediated portfolio, via financial intermediaries. To identify mis-aligned projects, the CEB will need to define a methodology and set up a system that fits its mandate and business model, and is in line with good practice in terms of respect of norms and transparency, with the objective to align all new direct financing operations (i.e. operations with pre-determined use of proceeds for investment with a known geographical location) with the mitigation goals by 1st January 2023 and all new CEB-financed operations by 1st January 2024.

1.2 Aligning operations with climate-resilient pathways consistent with the objectives of the Paris Agreement, in line with the MDB's BB2 approach and good practice. To progressively align its future operations with climate-resilient pathways, the CEB will enhance and reinforce its internal systems to prevent the financing of operations that face unacceptable and/or unmanaged climate-related physical risks or that materially increase climate-related physical risks for their communities, with the aim to align direct financing operations by 1st January 2023 and all CEB financing by 1st January 2024.

1.3 Incorporating climate risk elements/considerations into the internal counterparty rating methodologies. The Bank plans to incorporate progressively climate-related risks in its credit risk framework and models, including stress test and scenario analysis in the future. The Bank aims to align with respective international standards and best banking practices and to promote a sound and prudent risk culture. The CEB is currently exploring methodologies and tools to best capture climate-related risks for its counterparties, to add climate change in the reporting and disclosure risk sets, and will continue to do so, to progressively cover the different types of entities in its portfolio.

1.4 Exploring the progressive reduction of GHG intensity of the CEB's portfolio e.g. through (periodic) targets/indicators. Some MDBs/ Development Financial Institutions have set goals for progressive overall GHG emissions reductions from their investment portfolios. For the CEB, it is proposed to explore alternative options for potential GHG emission reduction targets to identify whether one exists that is compatible with the CEB's business model and portfolio. An important constraint faced by the CEB to a portfolio-wide target is that its mandate limits its activities to a subset of sectors vis-à-vis other MDBs. In particular, the CEB has not been financing large fossil-fuel based activities in the energy or transport sector, nor does it have a

¹ Mainly Project Loans (PR) and Public Finance Facilities (PFF) with sub-projects pre-identified at the moment of the appraisal.

sizeable portfolio in activities that generate or enhance GHG sinks, such as afforestation or wetlands management, which are recognised as a crucial element for the achievement of carbon neutrality in the Paris Agreement (Art. 4 and 5) and without which it is difficult to ensure steady reductions in portfolio-wide GHG emissions. Yearly GHG emissions at portfolio level depend on the sectoral composition thereof, and may be importantly affected by a few operations in specific subsectors (e.g. waste water treatment).

2. Reinforcing the CEB's contribution to just and socially inclusive climate transition

In line with the social inclusion - climate change nexus, the CEB has pinpointed a number of actions aiming at strengthening its capacity to identify and finance climate action projects and components in line with the Bank's existing mandate and strategic objectives.

The Bank decided not to set any climate finance targets (as % of annual lending volumes or other) as, due to its social mandate, it does not generally provide financing in sectors where significant mitigation benefits can be achieved through emission reductions (e.g. heavy industry, energy infrastructure) or by enhancing carbon sinks (e.g. afforestation, improved land management). In addition, its activities are also relatively limited in sectors where large adaptation investment may be identified (e.g. flood risk management, climate-smart agriculture).

Finally, the growing importance of multi-sector operations in the Bank's portfolio may make it more difficult to track climate finance components using the granular and robust approach of the Common Principles. Thus, while the CEB will strive to enhance the identification of climate components in its sectors of operation, their share will remain dependent on the yearly sector composition of the portfolio of new projects. Specific actions are described below.

2.1 Enhance pipeline development and project preparation to address climate change aspects in CEB-supported projects, while also ensuring their social sustainability. The Bank aims to continue its efforts to identify and support social projects or components that contribute to mitigation goals within the realm of its social infrastructure financing. In addition, the Bank will continue to support climate resilience by identifying project components that reduce climate-related risk of the project itself (adaptation of the project) as well as projects or components potential to contribute to adaptation or resilience of an area, community or set of economic activities (adaptation through the project).

2.2 Strengthen the CEB's focus on just and inclusive transition, with particular focus on the needs of vulnerable populations and migration. The social inclusion – climate change nexus clearly indicates that social investment can improve climate outcomes and support a just and inclusive transition. This is articulated along three axes: (i) support workers, areas, communities that may be negatively affected by the transition to low carbon future, e.g. through vocational training, support for the diversification of the economy (e.g. via MSME lending) (ii) support populations and activities that are worst affected by climate change impacts, especially the most vulnerable (e.g. via disaster response and risk reduction, disaster preparedness, investment in adaptation, etc.) (iii) social investment that contributes to overall societal resilience, including investment in health and education that make communities better able to deal with a range of climate futures.

2.3 Explore options to strengthen support to and engagement with counterparties on PA and climate risks assessment. The CEB's engagement with counterparties on climate aspects has mostly been undertaken at the level of single operations. In line with the CEB's mandate and strategic objectives, there may be several types of counterparties for which further dialogue may be explored, notably subnational counterparties and financial intermediaries.

2.4 Explore potential need for adapting instruments to support inclusive climate action. Considering the challenges for the CEB's due diligence of climate-related risks and identification and reporting of potential benefits mentioned above, the Bank may explore whether to assess the ability of current instruments to incorporate climate change considerations and climate action components, and particularly on how these can better be reported upon under different instruments. The CEB will also explore the possibility to adapt its financial instruments and/or reporting requirements to be able to optimise its climate change impact and the reporting of climate change co-benefits.

2.5 Explore the tailored blending of grants and loans and the strategic use of technical advice support. The CEB will explore the tailored blending of CEB loans and CEB-managed guarantees and grants to support clients in the inclusion of climate action components or to provide capacity-building and technical assistance needed to improve climate outcomes or to ensure the affordability of climate action components for vulnerable groups.

3. Aligning institutional systems, policy frameworks and internal activities

To allow effective and timely delivery on the actions laid out in the previous sections, a number of adjustments are needed for a broader “institutional alignment” of the CEB, involving activities beyond the financing and technical advice support for operations. The actions presented so far need to be part of a coherent corporate approach to Paris Alignment along three axes proposed below:

3.1 Explore the alignment of the CEB’s systems, policies, methodologies and tools. The CEB will explore the mainstreaming of climate considerations in its policies, governance systems and methodologies, as needed. This includes an assessment of the implications and potential impacts of PA on its existing policies, systems and methodologies to identify potential areas where adjustments and refinement may be needed. In particular, the CEB will explore the incorporation of climate-related risk into its credit risk framework. The CEB will also explore the need to update internal handbooks, procedures and the risk limits management process and risk scoring framework, as well as to incorporate further climate-related considerations in its Environmental and Social Safeguards Policy. Finally, the CEB will explore how this approach might be mainstreamed more broadly into the governance systems of the Bank.

3.2 Align the CEB’s funding and treasury activities. The CEB will explore options to Paris-align future Funding and Treasury investments. This will include an assessment of whether each element thereof does no significant harm to the Paris climate objectives and the identification of Funding and Treasury activities that may in turn support them. Funding and Treasury activities will continue to integrate ESG criteria.

3.3 Progressively reduce the CEB’s operational footprint. The CEB will look to identify any misaligned activities as well as opportunities within the CEB’s internal operations for reducing the Bank’s own carbon footprint. The main actions for achieving future progress could include to continue to improve responsible handling of business travel, reducing materials consumption and promoting circular economy approaches that include the minimisation of waste, as well as reducing building emissions.

4. Strengthening transparency and accountability mechanisms

4.1 Enhance Paris alignment and climate risk reporting. Adding to the annual Sustainability Report, the Bank will explore different options for the transparent and efficient reporting on Paris Alignment and climate risks that provide the highest added value for the CEB in terms of: harmonisation with respect to peer organisations, key stakeholder expectations, compatibility with existing internal reporting systems and efficiency. This will include the consideration of complementing its Sustainability Report with a Task Force on Climate-Related Financial Disclosures Report^{xiv} starting in 2023.

4.2 Enhance climate finance tracking. Since 2017, the CEB has been tracking climate action financing data, which have been disclosed in the Sustainability Report ever since. The CEB climate finance tracking methodology is based on the MDB Common Principles for climate mitigation and adaptation finance. Taking into account the publication of the new version of the Common Principles for climate mitigation finance tracking as well as the findings related to the testing of the Taxonomy for climate mitigation tracking, the CEB will update its approach for climate finance tracking and explore the adoption of the substantial contribution criteria from the EU Taxonomy for climate mitigation and adaptation.

4.3 Updating the CEB’s carbon footprint (CF) / GHG accounting methodology. Considering the size of the CEB and the size of the operations it currently finances, the CEB’s carbon footprint methodology for the calculation of GHG emissions and GHG emission reductions was designed with greater granularity compared to those applied by larger MDBs active in high emission sectors. Since 2016, the portfolio of operations and the instruments used have evolved. The CEB will explore ways to enhance applicability, comparability and strengthen the alignment of the current methodology.

Endnotes:

-
- i The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 Parties at COP 21 in Paris, on 12 December 2015 ([The Paris Agreement | UNFCCC](#))
 - ii Such methodologies and best practices are discussed within the climate focused coordination groups of the Multilateral Development Banks, of which the CEB has been a member since 2021
 - iii CEB, 2020. *Investing in inclusive, resilient and sustainable social infrastructure in Europe: the CBE's experience*. CEB Technical Brief, November 2020, Paris: CEB
 - iv The EU and its Member States are among the close to 190 Parties to the Paris Agreement and the EU formally ratified the Agreement on 5 October 2016, thus enabling its entry into force on 4 November 2016. Turkey ratified the Paris Agreement on 6 October 2021
 - v UNFCCC, 2021. *Nationally determined contributions under the Paris Agreement Synthesis report by the secretariat*, issued on 17 September 2021, indicates that many are highlighting coherence and synergies of proposed measures with development priorities, which include the SDGs, and in some cases with the green recovery from the COOVID-19 pandemic. Most of them indicated that they conducted consultations and engagement in an inclusive and participatory manner, with some Parties specifically referencing gender-sensitive consultations
 - vi International Monetary Fund. 2020. *Global Financial Stability Report: Markets in the Time of COVID-19*. Washington, DC, April
 - vii Task Force on Climate-related Financial Disclosures, 2017. *Recommendations of the Task Force on Climate-related Financial Disclosures –Final Report*, Financial Stability Board, June
 - viii ECB, 2021. *Climate-related risk and financial stability*, Frankfurt, July
 - ix Article 1 of the UNFCCC states that the adverse effects of climate change will not only be felt in natural and managed ecosystems, but also have “significant deleterious effects” on the “operation of socio-economic systems or on human health and welfare”. Article 4.f. calls for assessing social benefits or negative impacts, alongside environmental and economic considerations, before proposing new adaptation or mitigation initiatives. Articles 3, 4 and 11 also clearly call for considerations of equity principles in meeting the purpose and objectives of the Convention. **The importance of intra-country equity consideration and social aspects were also identified early on by the Intergovernmental Panel on Climate Change (IPCC).** The 1996 report on the *Economics and social dimensions of climate change* (. showed that the unequal distribution of both climate impacts and the costs to adapt and reduce emission, and the consequent exacerbation of inequalities, would lead to inefficient responses, undermine their acceptability and: “[...] violate a number of ethical principles, including potentially those drawing on basic needs and Rawlsian approaches.” The report also stressed the importance of equity in terms of process and participation, both in international negotiations and in the design and implementation of climate-related and other relevant policies or investment at national and local level. It called for an increased focus on analysing equity and social issues and for the integration of insights from other disciplines, also to strengthen institutional capacities and “make and implement collective decisions in a legitimate and equitable manner.”) IPCC, 1996. *Climate Change 1995 – Economics and Social Dimensions of Climate Change* Contribution of Working Group III to the Second Assessment Report of the Intergovernmental Panel on Climate Change. Editors J.P. Bruce, Hoesung Lee and E.F. Haites)
 - x UNFCCC, 2021. *Nationally determined contributions under the Paris Agreement Synthesis report by the secretariat*, issued on 17 September 2021, indicates that many are highlighting coherence and synergies of proposed measures with development priorities, which include the SDGs, and in some cases with the green recovery from the COOVID-19 pandemic. Most of them indicated that they conducted consultations and engagement in an inclusive and participatory manner, with some Parties specifically referencing gender-sensitive consultations
 - xi WHO, 2021. *COP26 special report on climate change and health: the health argument for climate action*. Geneva: World Health Organization; 2021
 - xii Harvard University, 2019. *Science Blog: Climate is the Newest Gentrifying Force, and its Effects are Already Re-Shaping Cities*
 - xiii Clement, Viviane, Kanta Kumari Rigaud, Alex de Sherbinin, Bryan Jones, Susana Adamo, Jacob Schewe, Nian Sadiq, and Elham Shabahat. 2021. *Groundswell Part 2: Acting on Internal Climate Migration*. Washington, DC: The World Bank. The report shows that over 216 million people could move within low to middle-income countries by 2050 across six regions, with the emergence of migration hotspots as early as 2030
 - xiv [Task Force on Climate-Related Financial Disclosures | TCFD](#) ([fsb-tcfid.org](#))