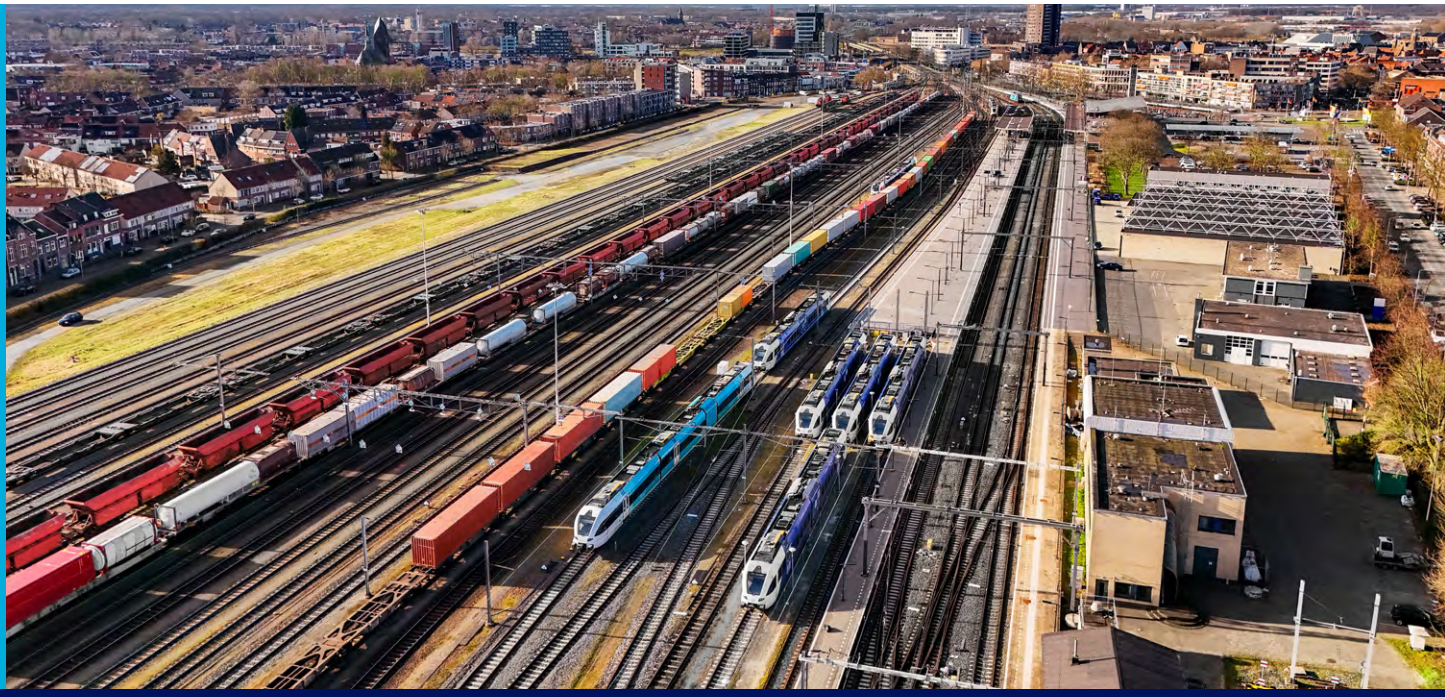
Global Gateway



Greening EU international cooperation toolbox

July 2024

ACKNOWLEDGEMENTS

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This document is based on the 2016 guidelines for the integration of environment and climate change into EU international cooperation and development, and on experience gained in applying them. This revised version draws on consultations with staff in the European Commission, European Union Delegations and others, and has benefited from the discussions and contributions received. It will be regularly updated in order to align with the evolution of institutional policies and processes.

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ACRONYMS AND ABBREVIATIONS

AD	action document
AIP	Africa Investment Platform
BIOFIN	Biodiversity Finance Initiative
CBAM	Carbon Border Adjustment Mechanism
CBD	Convention on Biological Diversity
CCT	country cooperation team
CEP	Country Environmental Profile
CLIMA	Directorate General for Climate Action
CPEIR	climate public expenditure and institutional review
CRA	Climate Risk Assessment
CRMP	Climate Risk Management Plan
CRS	creditor reporting system
CRVA	climate risk and vulnerability assessment
CSO	civil society organisation
CSDDD	Corporate Sustainability Due Diligence Directive
CSRD	Corporate Sustainability Reporting Directive
DAC	Development Assistance Committee
DFI	development financial institution
DG	Directorate General
DNH	do no harm
DNSH	do no significant harm
DOAG	Decision on the Overseas Association including Greenland
DPSIR	drivers, pressures, state, impact and response
DRM	domestic resources mobilisation
DRR	disaster risk reduction
EC	European Commission
EEA	European Environment Agency
EFSD+	European Fund for Sustainable Development Plus
EIA	Environmental Impact Assessment
EITI	Extractive Industries Transparency Initiative
EMAS	Eco-Management and Audit Scheme
EMP	Environmental Management Plan
ENEST	Directorate-General for Enlargement and the Eastern Neighbourhood
ENV	Directorate General for Environment
ESFS	EU sustainable finance strategy
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ETS	Emissions Trading Scheme
EU	European Union
FI	financial institution
FPI	Foreign Policy Instrument
GAP	gender action plan
GBF	Global Biodiversity Framework
GERF	Global Europe results framework
GG	Global Gateway

GHG	greenhouse gases
GP	green procurement
GPP	green public procurement
HQ	headquarters
IMF	International Monetary Fund
INTPA	Directorate General for International Partnerships
IPA	Instrument for Pre-accession Assistance
IPBES	Intergovernmental science Policy Platform on Biodiversity and Ecosystem Services
IPCC	Intergovernmental Panel for Climate Change
LACIF	Latin America and Caribbean Investment Facility
LDC	least developed country
LFI	lead financial institution
LT-LEDS	long-term low emissions and development strategy
LULUCF	land use, land use change and forestry
M&E	monitoring and evaluation
MAPS	methodology for assessing procurement systems
MENA	Directorate-General for the Middle East, North Africa and the Gulf
MFF	multi-annual financial framework
MIP	multi-annual indicative programme
MRV	monitoring, reporting and verification
MSME	micro, small and medium enterprise
MTER	Medium-Term Expenditure Framework
MTR	mid-term review
MTRS	medium-term revenue strategy
NAP	National Adaptation Plan
NBSAP	National Biodiversity Strategy and Action Plan
NDC	Nationally Determined Contributions
NDICI-GE	Neighbourhood, Development and International Cooperation Instrument – Global Europe
NEAR	Directorate General for Neighbourhood and Enlargement Negotiations
ODA	overseas development assistance
OECD	Organisation for Economic Co-operation and Development
OOF	other official flows
PEA	poverty-environment action
PEER	public environmental expenditure review
PEFA	public expenditure and financial accountability
PF	performance framework
PFM	public finance management
PIMA	public investment management assessment
PIP	proposed investment programme
PRAG	EU practical guide
QR	quality review
RCT	regional cooperation team
REP	Regional Environmental Profile
RMF	risk management framework
ROM	results oriented monitoring
SBTi	science based targets initiative

SDG	sustainable development goal
SDG-C	sustainable development goal contract
SEA	Strategic Environmental Assessment
SFRD	Sustainable Finance Disclosures Regulation
SIDS	small island developing states
SMART	simple, measurable, achievable, relevant, time-bound
SOTEU	State of the European Union
SPP	sustainable public procurement
SRBC	state and resilience building contract
SRPC	sector reform performance contract
SSC	strategic steering committee
SWF	sovereign wealth fund
TA	technical assistance
TAM	technical assistance meeting
TCT	thematic cooperation team
TEI	Team Europe Initiative
ToR	terms of reference
TSC	technical screening criteria
TVET	technical and vocational education and training
UN	United Nations
UNCCD	United Nations Convention on Combating Desertification
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
WHO	World Health Organization

PART I.
INTRODUCTION

PART I. INTRODUCTION

The Greening EU International Cooperation Toolbox replaces the guidelines 'Integrating the environment and climate change into EU international cooperation and development' (European Commission, 2016).[1] It consists of a core section and annexes that offer more detailed guidance and tools.

The toolbox reflects new EU policy priorities such as the Global Gateway (European Commission, 2021a)[2] and the European Green Deal, as well as the growing urgency to accelerate the green transition and environmental and climate action. Alignment to key international commitments is also at the core of this toolbox, primarily to the Paris Agreement (UNFCCC, 2015)[3] and the Global Biodiversity Framework (GBF) (Convention on Biological Diversity, 2022).[4]

These require a significant shift in the way environment and climate action is treated in international partnerships. Whereas avoidance and minimisation of adverse impacts on the environment and climate is a basic requirement reflected in the 'do no harm' (DNH) and 'do no significant harm' (DNSH) principles, alignment to environmental and climate objectives is fundamental, and positive contributions to environmental sustainability, climate resilience and low carbon development should be encouraged as a starting point for all actions.

This toolbox is in line with the current international cooperation instruments, NDICI-Global Europe (European Parliament & Council, 2021a)[5] and IPA III (European Parliament & Council, 2021b),[6] and takes account of the new approaches towards mutually beneficial international partnerships, which prioritise support to investments in the form of the provision of guarantees and the use of innovative financial instruments. It also reflects the emphasis on coordinated action at EU level (Team Europe) and the need to promote enabling policies and address green and social priorities under the 360-degree approach of the EU Global Gateway agenda.

This is a living toolbox that will be updated periodically.

1.1. PURPOSE AND POLICY CONTEXT

1.1.1. Embracing the environmental and climate agenda

The challenge. We are facing three major and inter-related environmental crises: climate change, biodiversity collapse and pollution. All sectors must contribute to the green transition, not only by mitigating their negative environmental impacts, but by aligning policies and actions to environmental and climate objectives and actively contributing to the solutions. The ambitious environmental and climate goals and targets set by the international community and the EU will not be achieved with a business-as-usual approach. It is time to step up our action to accelerate the green transition. (For additional information on the triple planetary crisis, **see page 175**).

Purpose and target group. The toolbox targets staff in EU Delegations and European Commission headquarters involved in international cooperation, as well as implementing partner organisations and partner countries. The green transition is a shared responsibility of everyone working in all sectors and across all regions and instruments. Potential contributions to climate change mitigation and adaptation, environmental sustainability and disaster risk reduction must be considered a starting point in the identification and formulation of each programme and every action and investment. Interventions that bring a positive contribution should be prioritised, while those offering limited such opportunities should ensure compliance with the 'do no harm' principle, usually operationalised through the 'do no significant harm' principle.

Achieving the green transition is a shared responsibility involving all EU services.

This document provides practical guidance and tools to align EU international cooperation with environmental and climate objectives and to help partners engage in transformative change. It covers the whole intervention cycle (from programming to evaluation) and the different implementation modalities (**See page 176** for key definitions).

1.1.2. International policy commitments

THE UN 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

With the 17 Sustainable Development Goals (SDGS) (United Nations, n.d.)[7] at its core, the 2030 Agenda (United Nations, 2015)[8] is a transformative plan to leave no one behind, eradicate poverty and achieve sustainable development globally. It provides a framework for action balancing the interlinked economic, social, and environmental dimensions of sustainable development.

All SDGs are interconnected, with a common base linked to the biophysical domain: clean water and sanitation (6), climate action (13), life below water (14), and life on land (15). Without this 'planetary' base, key basic services and rights would not be sustainable: food security (2), health (3), education (4) and gender equality (5). Other SDGs are essential for the green transformation: affordable and clean energy (7), sustainable cities and communities (11) and responsible consumption and production (12). Practically all SDGs have targets related to environmental sustainability, climate resilience or climate change mitigation.

Figure 1. Planet SDGs provide the living basis for other goals, 'supporting the needs of the present and future generations.'

MULTILATERAL ENVIRONMENTAL AGREEMENTS AND DISASTER RISK REDUCTION FRAMEWORK

The EU is spearheading international action to address the multiple planetary challenges by playing an active role in the elaboration and implementation of multilateral environmental agreements (MEAs) (European Commission, n.d.-a),[9] including through its cooperation instruments. This is in line with the Lisbon Treaty (European Union, 2007)[10] objectives to promote measures at international level to deal with regional or worldwide environmental problems, and in particular combating climate change (Art. 191). The main MEAs of relevance to this toolbox that have been ratified by the EU can be found on **page 179**; these have also been ratified by most of our partner countries and to various degrees transposed into their own policies and regulations.

How the EU ensures its international cooperation is aligned with the Paris Agreement and the Global Biodiversity Framework

As per the OECD (2019),[11] an international cooperation that is effectively aligned with the Paris Agreement:

- ☑ Does not undermine the Paris Agreement but rather contributes to the required transformation.
- ☑ Catalyses countries' transitions to low-emissions, climate-resilient pathways.
- ☑ Supports the short- and long-term processes under the Paris Agreement.
- ☑ Proactively responds to evidence and opportunities to address needs in developing countries.

Paris alignment within EU cooperation is ensured through:

- The stringent application of the objective of Art. 29 of the NDICI-GE, as no actions or measures can be supported which are incompatible with the recipient country's Nationally Determined Contributions (NDC).
- The integration of climate considerations and contributions from the programming phase and across all sectors of EU action.
- The environmental and climate screening of all EU-supported actions, to determine if a given action is likely to have significant adverse impacts on the environment/climate or is at significant risk from climate change.
- A growing portfolio of dedicated actions supporting a transition to low-emission, climate-resilient pathways at country, sector or local level.

Alignment with the Global Biodiversity Framework in the context of EU cooperation, addressing its 2050 goals and implementing its 2030 targets also implies implementing a 'do no harm' principle[1], as well as:

- Protecting and restoring nature, through the continuous support to protected areas, and beyond these areas including through Team Europe approaches and flagship initiatives such as NaturAfrica.
- Ensuring the sustainable use and management of biodiversity, by valuing and enhancing nature's contributions to people and the economy, through the integration of biodiversity objectives in the portfolio, promoting a do more good approach, and improving monitoring and evaluation on biodiversity projects.
- Supporting all parties to ensure adequate means of implementation, by mobilising resources from all sources (including international, domestic, public and private). This may be achieved through the adoption of ambitious targets in biodiversity financial commitments, mainstreaming biodiversity and the support to capacity-building, technical and scientific cooperation, notably in least developed countries and small island developing states (SIDS).

1 In 2023 and 2024, OECD DAC members worked to develop a common understanding of an alignment with the GBF. See: Meeting of the OECD Council at Ministerial Level, Paris, 7-8 June 2023. (OECD, 2023).[12]

1.1.3. EU policy commitments

Systematic environmental integration is a legal obligation established by the Treaty on the Functioning of the European Union (European Union, 2012)[13] which stipulates that *environmental protection requirements must be integrated into the definition and implementation of the Union's policies and activities, in particular with a view to promoting sustainable development* (Art. 11).

The European Consensus on Development (2017) (European Union, 2017)[14] reaffirms poverty eradication as the primary development objective, but it also integrates and balances the economic, social and environmental dimensions of sustainable development. Structured around the '5 Ps' of the 2030 Agenda for People, Planet, Prosperity, Peace and Partnerships, the Consensus reaffirms the EU commitment to policy coherence for development (Pichon, 2023).[15] It also reaffirms that 'the EU and its Member States will integrate environment and climate change throughout their development cooperation strategies, including by promoting a sound balance between mitigation and adaptation'.

EUROPEAN GREEN DEAL

In 2019 the EU launched its sustainable growth strategy, the European Green Deal (European Commission, 2019),[16] setting out its priorities to make Europe the first climate-neutral continent, become a world leader in the circular economy, eliminate pollution, protect biodiversity, decouple economic growth from natural resource use and mobilise finance.

With the Green Deal, all EU actions and policies should help the EU achieve a successful and just transition towards a climate neutral and sustainable future. The Green Deal lays the foundation to mainstream climate and the environment in all EU policies, pursuing green finance and investment, greening national budgets, enhancing skills, mobilising research, and promoting innovation for a green and just transition. It also includes a green oath to do no harm.

The Green Deal and its components have a strong external dimension. Not only do many of its policies directly affect countries outside the EU, but it also commits the EU to promote and support ambitious environmental and climate action across the world; step up bilateral engagement with partner countries through diplomacy, trade policy and development support; integrate the Green Deal's priorities into all interventions; and continue to help channel both public and private funds to support green investment and a just transition. The Green Deal external dimension opens new opportunities for international partnerships, not only in response to EU priorities but also for the promotion of bilateral interests, strengthening the EU's leadership in critical sectors such as clean energy, urban development and sustainable transport, whilst ensuring access to critical raw materials.

© European Commission. Credit: Didier Vandenbosch

Figure 2. The European Green Deal is a package of policy initiatives that aims to set accelerate the green transition in the EU

See page 177 to learn more about the main Green Deal policies and measures of relevance for international cooperation.

1.1.4. EU international cooperation instruments

NDICI-GLOBAL EUROPE AND IPA III

The main international funding instruments are the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI-GE) (European Parliament & Council, 2021a),[5] and the Instrument for Pre-Accession Assistance (IPA III) (European Parliament & Council, 2021b),[6] both established for a period of seven years (2021-2027).

NDICI-Global Europe and IPA III regulations: green highlights

The NDICI-GE regulation states that 'funding allocated in the context of the Instrument **should be coherent with the long-term temperature goal of 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**. It should also be coherent with the objective to increase the ability to adapt to the adverse effects of climate change and foster climate resilience. Particular attention should be given to actions that create co-benefits and meet multiple objectives, including for climate, biodiversity and the environment.' (Recital 49).

The NDICI-GE regulation establishes that programmes and actions under the instrument **shall mainstream the fight against climate change, the promotion of environmental protection and, where relevant, disaster risk reduction**. These must also address interlinkages between the SDGs and promote integrated actions that can create co-benefits and meet multiple objectives in a coherent way (Article 8.8).

Programmes and actions shall be guided by the **principle of 'do no harm'** (Art. 8.8).

Article 29 of the NDICI-GE Regulation (on **excluded activities**) indicates that no actions or measures can be supported which:

- are incompatible with the recipient country's Nationally Determined Contribution (NDC) under the Paris Agreement (UNFCCC, n.d.);[17] or
- promote investments in fossil fuels; or that,
- according to the environmental screening and impact assessment, cause significant adverse effects on the environment or the climate.

In selected, narrow cases, if 'such actions or measures are strictly necessary to achieve the objectives of the Instrument', such activities may be allowed but must then be 'accompanied with appropriate measures to avoid, prevent or reduce and, if possible, off-set these effects, including support to phase out environmentally harmful fossil fuel subsidies'.

The IPA III Regulation defines an **objective to reinforce environmental protection, to increase resilience to climate change, to accelerate the shift towards a low-carbon economy**, to develop the digital economy and society and to strengthen sustainable connectivity in all its dimensions. Environmental sustainability and climate change mainstreaming, as well as the DNH principle are referred to in Recital 26.

Window 3 of the IPA III instrument represents the Green Agenda and sustainable connectivity, but a number of cross-cutting themes, such as climate change and environmental protection, are mainstreamed throughout the instrument and therefore have to be implemented under all five windows. In addition, horizontal provisions of the NDICI-GE Regulation are also applicable to IPA III assistance, such as in relation to environment and climate risk screening (Art. 25.5) and excluded activities (Art. 29)[2].

2 Art. 16 of the Annex to the Commission Decision of 31.3.2022 establishing a model for a financial framework partnership agreement between the Commission and the government of an IPA III beneficiary[18] indicates that 'IPA III assistance shall be implemented in accordance with Art. 9 of the IPA III Regulation and Chapter III of Title II of the NDICI Regulation' (C(2022)1857 final).

The 'do no harm' and 'do no significant harm' principles

Do no harm (DNH) is mentioned as a principle under the NDICI-Global Europe Regulation (Art. 8) and is referred to as the 'Green Oath' in the European Green Deal, whereas the 'do no significant harm' (DNSH) principle was introduced in the context of EU sustainable finance by the Sustainable Finance Disclosure Regulation and first defined in Art. 17 of the EU Taxonomy Regulation (European Parliament and Council, 2020).[19]

In practice, the Green Deal DNH oath is being operationalised in EU programmes largely under the form of the DNSH principle, in most cases by relying on the definitions in Art. 17 of the Taxonomy Regulation, and/or more granularly, by relying on the detailed DNSH thresholds (technical screening criteria) defined in the EU taxonomy delegated acts. The DNSH principle is already applicable to the Recovery and Resilience Facility and has to be taken into account for cohesion policy funds under the Common Provision Regulation (e.g. for the European Regional Development Fund, Cohesion Fund and Just Transition Fund). The InvestEU Fund uses 'sustainability proofing guidance' to operationalise the DNSH principle (European Commission, 2021b).[20] In addition, the DNSH principle will be applicable in different forms to the Modernisation and Innovation Fund from 2025 and the Social Climate Fund from 2026. Finally, the provisionally agreed amendment of the Financial Regulation applicable to the general budget of the Union provides in Art. 33(2) that the next multi-annual financial framework will be subject to the DNSH principle, where feasible and appropriate.

The EC is currently preparing guidance on the application of the DNSH principle to the upcoming Social Climate Fund (SCF). Recognising the need to harmonise the application of the principle, the Commission plans to develop a DNSH single guidance applicable across EU instruments, where appropriate, subject to their respective legal provisions. However, experience shows that sector-specific criteria and thresholds defined for investments in the EU are not expected to be applicable unchanged to investments outside the EU, in different contexts and regulatory environments. Further work on DNH guidance applicable outside the boundaries of the EU will be aligned as far as possible to the general approach and principles of the above referred-to guidance.

In the context of EU international cooperation, basic elements of DNH are the compliance with the national environmental regulations, the mandatory appropriate environmental screening (Art. 25.5 of the NDICI-Global Europe Regulation) and compliance with Art. 29 of the NDICI-Global Europe Regulation on excluded activities. Whilst DNH criteria specific to international cooperation are defined, general definitions of what constitutes 'significant harm' can be found in Art. 17 of the EU Taxonomy Regulation, covering its six environmental objectives.

An activity is considered to do significant harm to:

- **climate change mitigation** if it leads to significant greenhouse gas (GHG) emissions;
- **climate change adaptation** if it leads to an increased adverse impact of the current climate and the expected future climate, on the activity itself or on people, nature or assets (i.e. maladaptation);
- the **sustainable use and protection of water and marine resources** if it is detrimental to the good status or the good ecological potential of bodies of water, including surface water and groundwater, or to the good environmental status of marine waters;
- the **circular economy**, including waste prevention and recycling, if (1) it leads to significant inefficiencies in the use of materials or in the direct or indirect use of natural resources, such as non-renewable energy sources, raw materials, water and land at one or more stages of the life cycle of products, including in terms of durability, repairability, upgradability, reusability or recyclability of products; (2) it leads to a significant increases in the generation, incineration or disposal of waste, with the exception of the incineration of non-recyclable hazardous waste; or (3) if the long-term disposal of waste may cause significant and long-term harm to the environment;
- **pollution prevention and control** if it leads to a significant increase in emissions of pollutants into air, water or land, as compared with the situation before the activity started;
- the **protection and restoration of biodiversity and ecosystems** if it is significantly detrimental to the good condition and resilience of ecosystems, or detrimental to the conservation status of habitats and species, including those of Union interest.

When assessing an economic activity against the criteria set out above, both the environmental impact of the activity itself and the environmental impact of the products and services provided by that activity throughout their life cycle shall be taken into account, in particular by considering the production, use and end of life of those products and services. A useful resource for reference to the more granular DNSH thresholds – the technical screening criteria defined under the EU taxonomy delegated acts - is the EU Taxonomy Compass (European Commission, n.d.-b).[21]

OTHER INSTRUMENTS

Other instruments to which this toolbox applies include the Ukraine Facility (European Commission, n.d.-c)[22] and the Reform and Growth Facility for the Western Balkans.

The Ukraine Facility and the Reform and Growth Facility for the Western Balkans regulations: green highlights

The Ukraine Facility Regulation establishes that 'activities under the Facility shall comply, to the extent possible in a war-torn country, with the climate and environmental standards of the EU'; that 'those activities shall mainstream climate change mitigation and adaptation, environmental protection and biodiversity conservation'; and that the activities 'shall, to the extent possible, avoid stranded assets, be compatible with the "do no harm" principle, as well as with the sustainability mainstreaming approach underpinning the European Green Deal' (Art. 4.4). The DNSH principle is referred to in Recital 30 (European Parliament and Council, 2024a).[23]

Moreover, the Facility shall not support activities or measures incompatible with Ukraine's national energy and climate plan, or with Ukraine's NDC under the Paris Agreement, which promote investments in fossil fuels or cause significant adverse effects on the environment or the climate or biodiversity. Such activities may only be exempt from this requirement if they are 'strictly necessary to achieve the objectives of the Facility, taking into account the need to rebuild and modernise infrastructure and rehabilitate the natural environment damaged by the war in a resilient way, and are accompanied, where relevant, by appropriate measures to avoid, prevent or reduce and, if possible, offset those adverse effects'. (Art. 4.5).

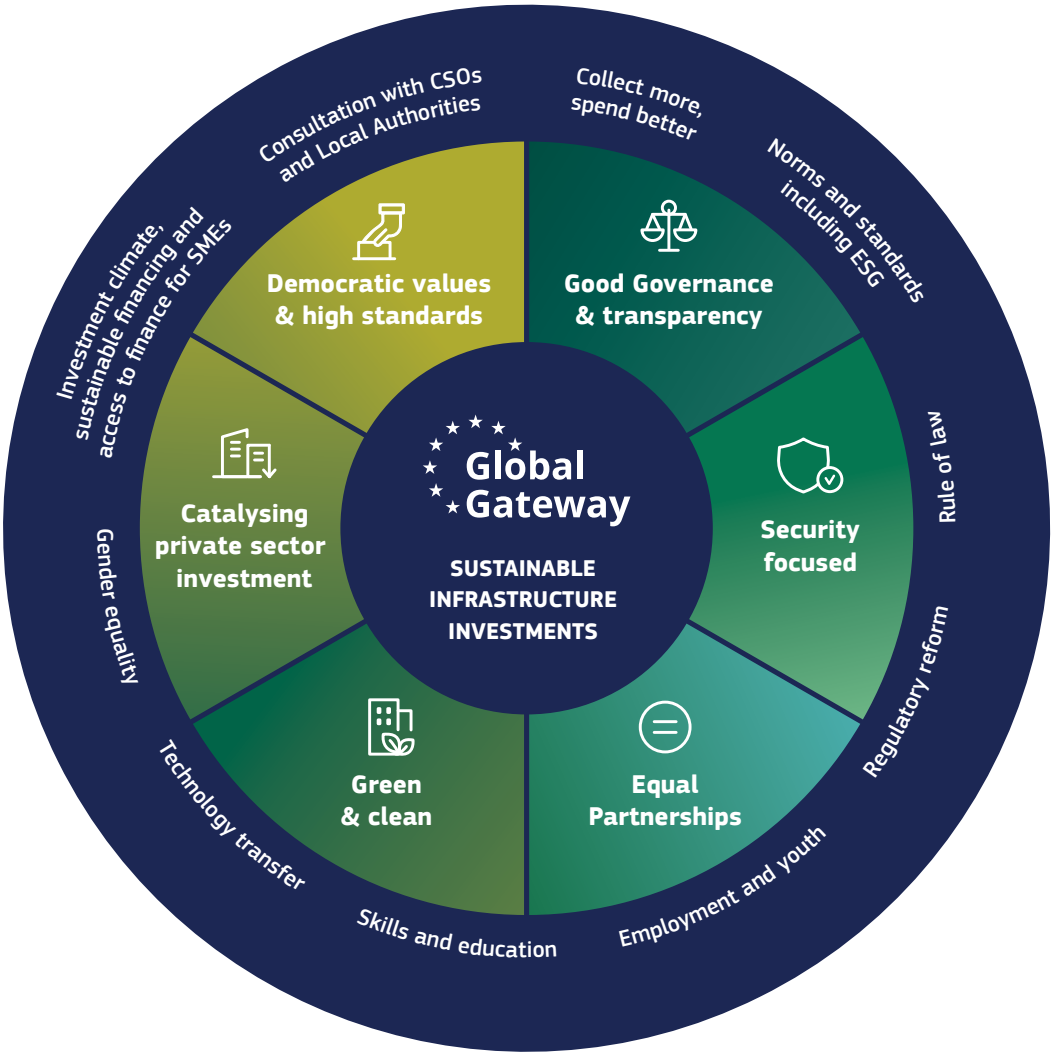
The Ukraine Plan under the Ukraine Facility's Pillar 1 is expected to apply a more stringent level of mainstreaming, applying the DNSH principle 'to the extent possible in a context of war or post-war recovery and reconstruction'.

The general principles under the 'Reform and Growth Facility for the Western Balkans' Regulation (European Parliament & Council, 2024b)[24] and the 'Reform and Growth Facility for the Republic of Moldova' (European Parliament & Council, 2025)[25] establish that activities under the Facilities shall mainstream climate change mitigation and adaptation, biodiversity and environmental protection; they should avoid stranded assets and be guided by the DNSH principle, as well as by the sustainability mainstreaming approach under- pinning the European Green Deal (Art 4.5 for both regulations). In addition, the Facilities shall not support activities or measures that are incompatible with the beneficiaries' national energy and climate plans, their NDC and ambition to reach climate-neutrality by 2050, or that promote investments in fossil fuels, or that cause significant adverse effects on the environment or the climate (Art. 4.7 and 4.8, respectively). In the case of the Reform and Growth Facility for the Republic of Moldova, in some cases, if 'such activities or measures are strictly necessary to achieve the objectives of the Facility', such activities may be allowed 'while taking into account possible transitional arrangements and while pursuing a mid- to long-term energy strategy to ensure energy security'. In any case, these transitional arrangements shall be 'accompanied, where relevant, by appropriate measures to avoid, prevent or reduce and, if possible, off-set those adverse effects'.

THE GLOBAL GATEWAY

The Global Gateway[3] is a European strategy to boost investments in partner countries; it stands for sustainable and trusted connections that work for people and the planet and is delivered through a Team Europe approach (European Commission, n.d.-d).[27] It also seeks to mobilise the private sector to leverage investments for a transformational impact in digital, climate and energy, transport, health, education, and research. 'Green and clean' is a central principle of the Global Gateway strategy. It seeks to create inclusive growth and jobs through investments in infrastructures that is clean, climate-resilient and aligned with pathways towards net-zero emissions. Projects under this strategy are also subject to the DNH principle. Also central to the Global Gateway is the 360-degree approach (see Figure 3). Interventions under the 360-degree approach (notably Global Gateway flagships) should align with the 'green and clean' principle and be accompanied by investments in the enabling environment, among other things, environmental, social and governance (ESG) standards.

Figure 3. The 360-degree approach in the Global Gateway



Global Gateway's green and clean principle

The Global Gateway is a climate-neutral strategy to speed up sustainable development and recovery, create inclusive growth and jobs and transition to a cleaner and more circular global economy. It will invest in developing infrastructures that are clean, climate-resilient and aligned with pathways towards net-zero emissions. Projects will live up to the European Green Deal oath to 'do no harm' and ensure the use of Environmental Impact Assessments and Strategic Environmental Assessments.

3 Joint Communication to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, The Global Gateway. JOIN/2021/30 final. (European Commission & High Representative of the Union for Foreign Affairs and Security Policy, 2021)[26]

1.1.5. A new ambition in practice

Transformative change is urgently needed to deliver the 2030 Agenda, the Paris Agreement and the Global Biodiversity Framework, in line with the Global Gateway and the European Green Deal. Business-as-usual will not achieve sustainability but instead risks breaching planetary tipping points with irreversible effects for the environment and thereby human societies and the economy. Goals for 2030 and beyond will only be achieved through transformative changes across economic, social, political and technological domains.

The elements for action provided below will help maximise opportunities for steering a portfolio of projects into the desired direction. Tools and good practice examples are rapidly becoming available (see section 3.1 on Guidance and Inspirational Material).

GUIDING PRINCIPLES FOR TRANSLATING OUR NEW AMBITION INTO ACTION

Key principles and steps for an enhanced greening approach, matching the ambition of international goals and the European Green Deal include:

Make greening everyone's responsibility

Greening cuts across all sectors and programmes of EU cooperation. To achieve results, it needs strong signals of commitment by management (from Heads of Units to the DG; from Head of Cooperation to Heads of Delegation; from middle-management to staff at all levels). Moreover, it needs to be championed by well-trained colleagues throughout the organisation and be based on institutional learning. It requires the active engagement of each and every colleague involved in designing and implementing our actions.

Apply a green lens early on

The best chance of identifying environmental benefits is to apply a 'green lens approach' from the earliest stage of the identification of an action, when development options are still open. 'Anything that can be green should be green' is a good guiding principle. Identifying greening opportunities upstream leads to more meaningful, effective and efficient opportunities for transformational change. Greening efforts should apply from the programming phase and the policy dialogue that underpins them, as well as to the development of investment pipelines, and then be further reflected along the cycle.

Focus on positive contributions

We must move from merely doing no harm to doing good. In practical terms this means to proactively seek win-wins for environmental sustainability and climate action while achieving economic and social benefits. Some examples include the use of nature-based solutions and identifying synergies between sector objectives and environmental and climate objectives.

Ensure interventions are environment and climate-proof

The application of the DNH and DNSH principles ensures no significant harm to the environment and climate, including avoiding excluded activities. On the other hand, it is necessary to identify how environmental degradation processes and climate change can affect the feasibility, effectiveness and sustainability of our project. Both dimensions need to be taken into consideration. This is often referred to as the 'double materiality'.

Cover all steps of the intervention cycle

Ensure the environmental and climate intentions identified at the start of an action are well transmitted throughout the intervention cycle. Avoid or minimise the risk of dilution, when green ambitions lose their strength during formulation or implementation. Uplift green action until it leads to meaningful results, through regular reviews during implementation, and by embedding climate and environmental issues in mid-term and final evaluations.

Look beyond sector horizons

Many actions at sector level may not have environmental or climate benefits in mind from the start. Yet, in the context of a green paradigm shift, all sectors have a role to play. For instance, public finance management can be a key enabler of an integrated government green transition.

All financial instruments need to contribute

Aligning financial instruments with environment and climate objectives is essential to accelerate the transition. A green and inclusive transition requires the mobilisation of significant public and private funds, including through innovative schemes and partnerships. Setting the scene for a green economy implies working on enabling environments and greening public finance reforms, notably with the leverage of budget support. Regulatory frameworks, green fiscal reforms, sustainable finance taxonomies and green bonds can attract new financial flows and boost green investments, while averting investments in environmentally harmful activities. Green taxes can address market failures by ensuring that the polluter pays and foster producers and consumer behavioural change towards greener economies.

Promote the greening of sector policies, plans and strategies at national level

An effective way to advance transformational change is to support partner governments to align their own development policies and investment plans to environment and climate change objectives. The EU can provide technical assistance and capacity development, and promote the use of instruments such as Strategic Environmental Assessment (SEA) to this effect.

Use evidence and monitor environmental and climate performance

Seek information and evidence to improve understanding on climate and environmental issues and to identify green solutions. Support tracking, monitoring & evaluation and reporting on green action, by using relevant indicators and verifying there are real contributions to the environment. Ensure climate and environmental issues are considered in lessons learnt to feed future action. Build evidence on benefits of green action to influence decision makers and harness their motivation to promote sound environmental and climate policies.

Advocate the green transformation in policy dialogue with partners

The green transformation requires coordinated action by many actors from various sectors. It requires awareness and strong commitment. Introducing environment and climate change as a systematic feature in our policy dialogue not only advances EU values and commitments towards sustainability but helps to consolidate the building block for transformational change at national and regional level. Build bridges with local government, civil society and the private sector to embrace and support the green transition, in particular to promote innovation, out-of-the-box ideas and question the carbon-based economy model.

1.2. CLIMATE AND BIODIVERSITY FINANCIAL TARGETS

1.2.1. Background

The NDICI-Global Europe, Pre-Accession Assistance (IPA III) and Ukraine Facility regulations, as well as the regulation for the Reform and Growth Facility for the Western Balkans, and the Decision on the Overseas Association including Greenland (DOAG), include targets for climate and biodiversity finance for the period 2021-2027. Climate and biodiversity targets are complementary and not mutually exclusive. Where possible, the same programme/action should help to achieve several objectives.

1.2.2. Climate targets

After achieving the USD 100 billion climate finance goal in 2022 (Falduto, Noels, & Jachnik, 2024),[28] the new collective quantified goal (NCQG) adopted in Azerbaijan during UNFCCC COP29, added another layer of political discussion to the reform of the international financial architecture (UNFCCC, 2023).[29] The NCQG is a new global climate finance goal that the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) shall set from a floor of USD 100 billion per year, prior to 2025. This new goal will be set in the context of meaningful mitigation actions and transparency on implementation, considering the needs and priorities of developing countries.

For the EU it is important that not only other developed countries contribute to public climate finance, but also other countries that have the capacity to do so. In addition to public finance, we also need to work on how to increase the role of the private sector and innovative sources in climate finance to achieve the Paris Agreement.

The Global Gateway investment agenda can boost climate finance flows and create opportunities through transformative, large-scale projects for partners' transition in line with the Sustainable Development Goals.

Recital (49) of the NDICI-Global Europe Regulation states that actions under the NDICI-Global Europe are expected to contribute 30 % of its overall financial envelope to climate objectives (European Parliament & Council, 2021a).[5]

In addition, in her State of the European Union (SOTEU) address in September 2021, President von der Leyen announced an additional EUR 4 billion for climate finance until 2027.

Climate benchmarks have been proposed for some bilateral, regional and thematic programmes.

Recital 25 of the IPA III Regulation indicates that actions under IPA III are expected to contribute 18 % of the overall IPA III financial envelope to climate objectives, with the objective of increasing to 20 % by 2027 (European Parliament and Council, 2021b).[6]

Recital 31 and Art. 28.9 of the Ukraine Facility Regulation indicates that the Facility should contribute, to the extent possible in a war-torn country, at least 20 % of the overall amount corresponding to support under the Ukraine Investment Framework and to investments under the Ukraine Plan to climate change mitigation and adaptation, environmental protection, including biodiversity conservation, and to the green transition. There are no differentiated targets for climate action (European Parliament & Council, 2024a).[21]

Recital 25 of the 'Reform and Growth Facility for the Western Balkans' Regulation indicates that the Facility should contribute to the achievement of the overall target of 30 % of Union budget expenditure supporting climate objectives. At least 37 % of the non-repayable financial support channelled through the Western Balkans Investment Framework (WBIF) should account to climate objectives (Art. 19.4, European Parliament and Council, 2024b).[23]

Recital 26 of the 'Reform and Growth Facility for the Republic of Moldova' Regulation indicates that the Facility should contribute to the achievement of an overall target of 30 % of Union budget expenditure supporting climate objectives. At least 37 % of the non-repayable financial support, including provisioning, provided to investment projects approved under the Neighbourhood Investment Platform, should be attributed to climate objectives (European Parliament & Council, 2025).[25]

Recital 24 of the Council Decision on the Overseas Association, including Greenland (DOAG) states that actions under this programme are expected to contribute 25 % of their overall financial envelope to climate objectives (Council of the European Union, 2021).[30]

1.2.3. Biodiversity targets

The Global Biodiversity Framework sets ambitious financial targets. They address financing from all sources: domestic and international, public and private. Global biodiversity finance from all sources must reach USD 200 billion per year by 2030. As part of the agreement, international biodiversity finance must increase to USD 20 billion a year by 2025, and USD 30 billion by 2030. The agreement calls for the alignment of financial flows and investments with biodiversity objectives. Public and private financial flows must stop destroying nature and must, as far as possible, become nature positive. The targets also provide for the identification, elimination, phasing-out or reform of subsidies that are harmful for biodiversity by at least USD 500 billion per year by 2030.

Recital 49 of the NDICI-Global Europe Regulation, Recital 25 of the IPA III Regulation, Recital 25 of the 'Reform and Growth Facility for the Western Balkans' Regulation, Recital 26 of the 'Reform and Growth Facility for the Republic of Moldova' Regulation and Recital 24 of DOAG state that actions under these instruments should contribute to the ambition of providing 7.5 % of annual spending under the MFF to biodiversity objectives in 2024 and 10 % in 2026 and 2027. There is no biodiversity-specific target under the Ukraine Facility Regulation (see section on climate targets above).

In addition, in her State of the EU address in September 2021, President von der Leyen announced that the EU would double its external funding for biodiversity, in particular for the most vulnerable countries[4]. This implies that EUR 7 billion of EU external assistance (2021-2027) should contribute to biodiversity.

1.2.4. Tracking EU support

Annual funding allocated to climate action, combating desertification and biodiversity is subject to an annual tracking system based on the OECD DAC methodology[5] using the Rio markers, without excluding the use of more precise methodologies where these are available. Aid to environment and support to disaster risk reduction are measured based on the corresponding OECD policy markers.

There are four Rio markers: Biodiversity, Combating Desertification, Climate Change Mitigation and Climate Change Adaptation. Each marker has three possible scores: score 2 where an action contributes to the theme as 'a principal objective', score 1 to 'a significant objective' and score 0 when the theme is 'not targeted'.

The Commission translates the marker scores into financial contributions as follows: 100 % of the action's budget is considered to contribute to the relevant environment or Rio theme if it is scored as 'principal objective' and 40 % if scored as 'significant objective'. No contributions are reported if the marker is scored as 'not targeted'.

Details on the use of the Rio markers, including definitions, eligibility criteria and guidance for the application of the markers can be found in **Annex 2**.

A new methodology to track financial contributions will be in place for the next MFF (2028-2034) based on Commission-wide coefficients, which will be linked to the Rio markers.

4 In concrete terms, and taking 2014-2020 funding as the baseline, this means that the NDICI-GE and IPA III contributions to biodiversity should collectively reach EUR 7 billion over 2021-2027.

5 As per Article 41.8 of the NDICI-Global Europe Regulation.

PART II.

GREENING IN PRACTICE

PART II. GREENING IN PRACTICE

2.1. GREENING AND THE INTERVENTION CYCLE

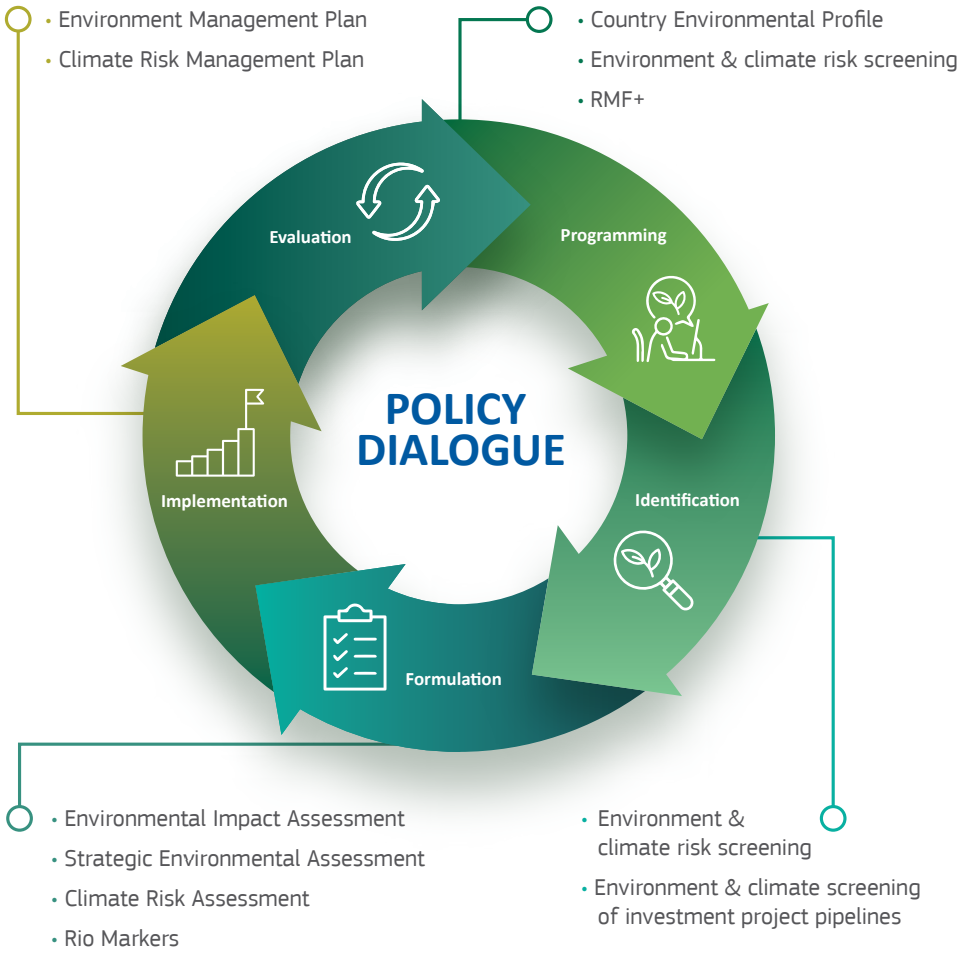
2.1.1. Overview

The integration of environment and climate change in EU cooperation must start as early as possible and be carried forward throughout the intervention cycle. The later the greening efforts start, the more limited the opportunities for transformational change will be.

This section indicates the entry points for the integration of environment and climate change in the different phases of the intervention cycle[6]. It indicates the greening measures/actions that should be taken, and the tools available. Although this section is common to all implementation modalities, greening opportunities specific to **budget support** and **investments** (blended finance and budgetary guarantees) are developed in sections 2.2 and 2.3 of this toolbox.

The greening of EU cooperation should be a driving force starting from the early stages of policy dialogue that informs multi-annual programming, through to the definition of priority areas and objectives for each programme, the identification and formulation of flagships, Team Europe Initiatives, investment pipelines, and individual actions and investments, their implementation and monitoring, and up to the evaluation phase.

Figure 4. Overview of key greening entry points and tools in the intervention cycle



6 Consult the Intervention Cycle Methodology Guide (European Commission, DG INTPA, 2025).[31]

INTERVENTION CYCLE PHASE	ENTRY POINTS	TOOLS
Programming	• Country/regional context analysis • Definition of priority areas and objectives • Mid-term review	• Country/Regional Environmental Profile • Environment & Climate risk screening (screening for SEA) • RMF+
Identification	• Avoid excluded activities • Maximise opportunities for transformational change • Guarantee the 'do no harm' principle • Set biodiversity and climate contribution targets • For investments: screening of investment project pipelines	• Environment & climate risk screening • Environment & climate screening of investment project pipelines
Formula-tion	• Stakeholder consultations and dialogue; dialogue with FIs in case of investments • Complete SEA, EIA and/or CRA (if and as relevant) to inform action design • Develop specific greening objectives, measures and indicators • Validate contributions to biodiversity and climate targets	• Strategic Environmental Assessment (SEA) • Environmental Impact Assessment (EIA) • Climate Risk Assessment (CRA) • Rio Markers
Implementation	• Complete SEA, EIA and/or CRA (if and as relevant) • Implement environment / Climate Risk Management Plan (if relevant) • Green public procurement • Monitoring of green indicators • For investments: review monitoring reports by FIs / participate in monitoring missions	• Environment Management Plan (EMP) • Climate Risk Management Plan (CRMP)
Evaluation	• Lessons learnt on green alignment and contributions • Dissemination	• (no specific tools)

2.1.2. Greening EU cooperation: obligations and the green lens approach

Effective greening of EU cooperation involves compliance with mandatory requirements and the implementation of the green lens approach.

Greening EU cooperation mandatory requirements include:

- **Comply with the national environmental legislation** and international obligations.
- **Avoid excluded activities** under Art. 29 of the NDICI-Global Europe regulation.
- **Ensure compatibility with** the recipient country's **Nationally Determined Contribution** (NDC).
- **Avoid activities that cause significant adverse effects** on the environment or the climate:
  - > Apply the **environmental & climate risk screening** to all activities.
  - > As determined by the screening, prepare **environmental (and social) impact assessments**, **Strategic Environmental Assessments**, or other relevant assessments, and ensure the implementation of the necessary measures to avoid, prevent or reduce and, if possible, off-set the significant adverse effects on the environment and climate.

The green lens approach reminds us to always look at the environmental and climate change aspects and implications of the actions and decisions we are taking. The green lens approach has three dimensions:

1. Promoting a **positive agenda** by always seeking opportunities to make positive contributions to environmental and climate objectives, including to the climate and biodiversity spending targets.

2. Consider the **double materiality** of actions proposed by:
   - > Systematically taking into account how the proposed actions could have significant adverse impacts on the environment and the climate, and taking measures to mitigate them in line with the mitigation hierarchy [7] – this implies compliance with the DNH principle.
   - > Systematically taking into account how environmental degradation and climate change can affect the sustainability and effectiveness of the proposed actions (e.g. accelerated siltation of dams due to land degradation).

The greening of EU cooperation does not stop where the intervention cycle ends. The Commission must lead by example. Efforts should also be made to **green EU delegations and project management** (see section 2.5).

7 Measures to address potential significant adverse impacts on the environment and climate must follow the following hierarchy: (1) avoid impacts; (2) minimise impacts; (3) restore degraded sites; (4) offset impacts; (5) identify measures to bring about positive contributions.

OVERVIEW OF KEY GREENING TOOLS

(a detailed description is given in **Annex 1** on Greening Tools)

Country / Regional Environmental Profile (CEP/REP)

The CEP / REP is the main tool to inform the greening of programming. It is a document that provides an overview of the key environmental and climate change issues in the country/region and their trends, and provides concrete recommendations on how EU cooperation can contribute to address risks and capitalise on opportunities.

Environment & climate risk screening

The screening determines the need to undertake dedicated assessments in the form of a Strategic Environmental Assessment, an Environmental Impact Assessment and/or a Climate Risk Assessment. Even if none of the above dedicated tools are necessary, the screening process helps identify environmental and climate risks and opportunities that can be integrated in the design of the action.

Strategic Environmental Assessment (SEA)

An SEA examines the environmental risks and opportunities associated with a sector/ national policy or strategy. It can be used to determine the soundness of a strategy as part of the eligibility assessment for budget support; it provides recommendations to enhance the environmental and climate change performance of a budget support programme and the associated strategy; and it should be an essential component of any activity that supports the update or development of a sector policy or strategy in environmentally sensitive sectors.

Environmental Impact Assessment (EIA)

An EIA assesses the potential impacts on the environment (direct, indirect, secondary, cumulative, transboundary, short-, medium- and long-term, permanent and temporary, positive or negative) of a proposed development project and its alternatives, and defines measures to avoid, minimise, offset and compensate for significant adverse impacts. The need for an EIA is determined by the environment and climate risk screening. For certain countries, and often under procedures of financial institutions, an EIA can also take the form of an Environmental and Social Impact Assessment (ESIA) if social impacts are included.

Climate Risk Assessment (CRA)

A CRA assesses the vulnerability of a project to climate change and determines measures to minimise vulnerability and for risk management. A CRA can be prepared as a stand-alone assessment or be integrated as part of an EIA (if an EIA is required). The need for a CRA is determined by the environment and climate risk screening.

Environmental Management Plan (EMP)

An EMP should be one of the products of an EIA process. It defines the details on how impact mitigation measures are to be implemented and monitored for a given project. The EMP must be reflected in the contractual documents. An EMP can also take the form of an Environmental and Social Management Plan (ESMP) in the case social impacts are included.

Climate Risk Management Plan (CRMP)

A CRMP is one of the products of a CRA. It defines how climate risk reduction and risk management measures are to be implemented and monitored in a given project. The CRMP must be reflected in the contractual documents.

Screening of investment project pipelines tool

The tool for the screening of investment project pipelines helps prioritise projects according to their potential to make positive contributions to environmental sustainability, climate resilience and low-carbon development, as well as according to their environmental and climate risks.

Rio markers

The Rio markers are used by the Commission to measure and track financial contributions to the four Rio themes (climate change mitigation, climate change adaptation, biodiversity and combating desertification) as well as to the EU's spending targets on climate change and biodiversity. Coefficients are applied to translate the Rio marker scores into financial contributions.

Greenhouse gas emissions ex-ante accounting tool

The ex-ante GHG accounting tool is a standardised method for HQ and delegations to quantify and reveal GHG emissions and emission reductions connected to a given EU external action. Its purpose is to help verify whether an action aligns with climate policies; indicate its contribution to climate mitigation; and provide recommendations for reducing the expected impact of projects emitting GHG or enhancing their positive impact to reducing GHG emissions.

Under the 'green lens' approach, all actions and decisions must take into consideration opportunities and risks to contribute to an environmentally sustainable, low carbon and climate resilient development.

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2.1.3. Greening programming

BACKGROUND

The greening of programming focuses on the policy dialogue and preparation of the programming documents (multi-annual indicative programmes (MIP) and their mid-term review (MTR) under the NDICI-Global Europe, and IPA III programming framework's strategic responses prepared by each IPA III beneficiary), as well as the related joint programming documents and Team Europe Initiatives.

ENTRY POINTS FOR PROGRAMMING

→ Policy dialogue: include environment, climate change and DRR in policy engagement with partners, including governments, civil society and other stakeholders

Greening the policy dialogue implies promoting EU values and objectives for a green and just transformation; it can be supported by coordinated action with like-minded partners and sustained with an evidence base. The promotion of mutual priorities and support for partner country in advancing national commitments, policies and strategies on environment, climate action and DRR must be on the agenda.

→ Analyse the country (or regional) environmental and climate change context

As part of the programming cycle – and preferably before programming starts – the EU Delegation should prepare an analysis of the country's (or the region's) environmental and climate change context, and lessons of past and present EU cooperation as it relates to environment and climate change (including mainstreaming). The analysis covers the country's key environmental and climate-related challenges and opportunities, the way they are addressed in the national/regional development plans and other policies, and their implications for future EU cooperation and policy dialogue. This assessment informs the evaluation of the national policy documents on which the programming will be based, as well as the policy dialogue and the preparation of the EU response (e.g. the MIP) and its implementation. The assessment should be based, to the extent possible, on existing analyses and data.

This analysis can be presented in a **Country Environmental Profile (CEP)** or, in the case of regional programming, a **Regional Environmental Profile (REP)**. The assessment process should include engagement with key stakeholders involved with environment and climate change.

Details on the **Country Environmental Profile** (CEP) can be found in **Annex 1** on Greening Tools, including links to a repository of CEPs and REPs.

Where possible, the CEP/REP should be undertaken as a joint exercise with national and other development partners. **Annex 3** provides model ToR for a CEP.

The country's Risk Management Framework Plus (RMF+) also provides insight into environment- and climate-related issues that affect structural/cyclical risks in the country. Further details and guidance on the environment and climate aspects of the RMF+ can be found in **Annex 15**.

Align the programming document with environment, climate and DRR objectives

In aligning programming with key environment, climate change and DRR objectives (shared by both the EU and the partner country/region), the EU should consider prioritising sectors where its support can contribute to a transformational change towards environmentally sustainable, climate resilient and low-carbon development. These sectors often offer opportunities for the EU to add value by bringing in experience and expertise. Environment and climate change can be considered as priority areas in their own right, but should be considered in all cases in the EU response strategy as cross-cutting issues influencing interventions across all areas.

When programming, environment and climate change can be considered priority areas of support, but in all cases they must be integrated as cross-cutting issues across all areas.

The **programming documents should maximise opportunities for positive contributions to climate and nature**, and ensure they adhere to the DNH principle. Wherever relevant, the objectives, expected results and indicators should address environmental and climate change concerns.

Wherever feasible, the EU should consider including a component to support the **partner country's efforts to green its policies and investments**, in particular in the MIP priority sectors/areas: the tools developed by the Poverty-Environment Action programme, notably the PEI Mainstreaming Handbook can be useful to strengthen environment and climate change integration in national policies, planning and budgeting (UNDP–UNEP Poverty-Environment Initiative, 2015).[32]

Sustainability, equity and inclusion must go hand in hand: a 'leave no one behind' approach shall foster the synergies between environmental and social responses.

Consider, where relevant, a Strategic Environmental Assessment

The EU should systematically consider supporting **Strategic Environmental Assessments** of sectoral plans and programmes when EU support is envisaged to sectors that include substantial climate and environmental risks/opportunities or that are central to the green transition, as SEAs are useful to inform both the partner's policy design and the EU's support programme. If this is the case, the preparation of an SEA should already be considered in the MIP. This will facilitate the mobilisation of financial resources at an earlier stage and lead to a more effective process with a higher impact on the greening of sector policies/strategies and associated EU support programmes. Climate and environmental sensitive sectors include notably: agriculture, rural development, energy, water, transport, private sector development, urban development, tourism.

Apply an early screening for Strategic Environmental Assessment (SEA). The objectives and structure of an SEA are described in **Annex 1** and the SEA screening is Part A of the **environment and climate risk screening.**

→ Include indicators in the programming document that capture key environmental and climate change concerns

Including indicators in programming documents to assess country progress towards environmental, climate and DRR objectives and the green transition is critical to ensure effective environment and climate integration.

The Global Europe results framework (GERF) should be used to the extent possible, complemented by other ad hoc indicators that may be necessary; these include thematic indicators based on a set of sector-specific results chains. In relation to its Green Deal strategic priority, the GERF proposes nine indicators to monitor progress at country level (GERF level 1- impact[8]) and 10 additional indicators for progress at action level (GERF level 2 – outcome and output[9]), covering SDGs 2 (zero hunger), 7 (energy), 11 (cities), 12 (responsible consumption and production), 13 (climate change), 14 (life under water) and 15 (life on land). These indicators should be used in the programming document, whenever relevant (European Commission, 2022a).[33]

→ Update ambition in the mid-term review

The evolution of the country context and the progress made at implementation level can lead to the need for programme amendments at the mid-term stage.

The mid-term review (MTR) is an opportunity to verify if EU support at country level is on track to achieve its environmental, climate and green transition objectives by the end of the MFF period. The results of the MTR should be discussed, and necessary changes integrated to enhance EU environmental and climate performance.

8 Development impact achieved in collaboration with partner governments, donors and other international cooperation and development actors including the private sector and civil society.

9 International cooperation and development outcomes and outputs to which EU funded interventions have contributed in collaboration with partner governments and other funding providers.

2.1.4. Annual action planning: greening identification

BACKGROUND

Identification requires a good understanding of the relevant political, institutional, economic, social and environmental context; it must show a clear articulation of the action's intervention logic with initial (draft) result indicators. At this stage, sufficient elements of the actions proposed are known that can allow the application of the environment & climate risk screening.

In DG INTPA the relevant annual planning document is the strategic steering committee (SSC) annual action programme (AAP) fiche.

The draft of the action document is the basis for identification for NDICI actions in MENA and ENEST, while the strategic response is the basis for IPA III actions (ENEST).

ENTRY POINTS FOR IDENTIFICATION

→ Address environment and climate change concerns in the different analyses leading to the design of the action

The identification of an action involves different types of studies and analyses, including context, public policy, feasibility, stakeholders, problem, and risks. (See the Intervention Cycle Methodology Guide, European Commission, DG INTPA, 2025).[31] Environment and climate change should be an integral component of these analyses. For example, how does environmental degradation and climate change affect the sector issues that will be addressed by the action? How will stakeholders related to environmental and climate issues be consulted and involved in the design of the action?

→ Involve the environment and climate change thematic units in the co-creation process

Co-creation is about working together with relevant staff from the outset (e.g. relevant thematic colleagues being contacted as early as possible), so as to gather all necessary expertise and know-how for the effective development and implementation of actions and policies.[10]

In the case of INTPA, the SSC Fiche indicates the members of the country cooperation team (CCT), the region cooperation team (RCT) or the thematic cooperation team (TCT) that will be involved in the formulation of the action. The thematic units on environment and climate change[11] should be indicated as part of the co-creation teams.

Under IPA III, and according to the IPA III Programming Guidelines, identification is the first phase of programming during which potential actions are discussed with internal stakeholders, the Commission (EU Delegation, DG ENEST and DG MENA, other Commission services), external stakeholders (civil society organisations, other donors, etc.) and potentially external experts (e.g. such as experts from the Greening Facility).

In the case of NEAR, the thematic unit in charge of environment and climate change[12] should be consulted during identification.

10 Vade Mecum – Working as a team, and INTPA's Strategic Governance System. (European Commission, DG INTPA, 2022).[34]

11 i.e. INTPA units F1 and F2: INTPA-GREENING-FACILITY@ec.europa.eu; INTPA-F1@ec.europa.eu; INTPA-F2@ec.europa.eu

12 i.e. ENEST A2 and MENA C3.

Avoid excluded activities

In line with Art. 29 on activities that are excluded from financing (see NDICI-GE and IPA III regulations: green highlights, p. 7):

- **Ensure the action does not include support to fossil fuels.** More generally, common sense should apply to activities related (even indirectly) to the fossil fuels sector, considering EU reputational risks.
- **Check the beneficiary country's NDC and ensure that the action is not in conflict.** Ensuring compliance with Article 29 requires reviewing the beneficiary country's NDC to determine any conflicts with the action proposed. NDC can be found in the NDC Registry (UNFCCC, n.d.).[17]
- **Identify activities with potential significant adverse impacts on the environment, including biodiversity, the climate or climate resilience**, determined through the environment & climate risk screening procedure (see below) and **avoid them by exploring alternatives**. For unavoidable high-risk activities, ensure appropriate measures to avoid, prevent, reduce and/or offset adverse effects of these activities are identified through an Environmental Impact Assessment (EIA) and/or a Climate Risk Assessment (CRA), and spelled-out in an Environmental Management Plan (EMP), reflected in the action's design, and integrated in the project's monitoring system.

Maximise positive contributions

When initiating the identification, identify opportunities and areas to support green transformative action.

Almost all areas/sectors can contribute positively to sustainability, but some offer more opportunities:

- **Energy:** support to the energy transition, renewable energy and energy efficiency.
- **Agriculture, forestry and other land use:** agro-ecological and climate smart agriculture, carbon sequestration, avoidance of deforestation, sustainable land management, biodiversity and ecosystem restoration.
- **Water management:** integrated water resources management, water pollution control, water use efficiency, nature-based solutions for flood management or water purification.
- **Green and circular economy:** sustainable and circular industries, green business development, promoting resource efficiency and circularity in value chains and sustainable chemicals management.
- **Urban development:** sustainable and smart mobility, low carbon buildings, waste management, climate-resilient cities, nature-based solutions in infrastructures, green areas, sustainable lifestyles, nature-based solutions.
- **Migration:** building climate resilience and environmental sustainability of displacement-affected communities, tackling environmental and climate change drivers of migration.
- **Transport:** smart and sustainable mobility, public transport, shift to low-carbon transport, nature-based solutions for transport infrastructures. Support to aviation and road sectors should be carefully assessed and justified before starting the design of the programme.
- **Digital:** digital applications for the green transition, green data centres, risk information platforms.
- **Governance:** environmental and ocean governance, natural resource governance, addressing IUU fishing, illegal logging, poaching, wildlife trafficking.
- **Human development:** build resilient communities, promote green education through policy, curricula, learning, teacher training and green schools; develop 'one health' approaches, sustainable lifestyles, developing skills for green jobs through TVET and health sector preparedness to climate change; strengthen higher education, research and innovation to provide local knowledge and skills to support all societal sectors in the green transition.

- Ensure that the problem analysis and the stakeholder review identify environment and climate change-related issues. This may imply involving environment and climate stakeholders in the problem analysis.

- Identify options and pathways that will contribute to the green transition through nature- and climate-positive impacts and outcomes. The Quick Tips for the integration of environment and climate change under different sectors provide inspiration and guidance to this effect (Greening Facility, n.d.-a).[35]

- Seek opportunities to contribute to the implementation of the country's NDC, National Adaptation Plan and long-term low greenhouse gas emission development strategies under the Paris Agreement, National Biodiversity Strategy and Action Plan (NBSAP) under the Convention on Biological Diversity and supported by National Biodiversity Finance Plans[13], or action plans under the UN Convention on Combating Desertification, and Sendai Framework targets.

Identify environment/climate risks and apply the 'do no harm' principle

From an environment and climate change perspective, the principles of 'do no harm' and 'leaving no one behind' imply that actions should not have any significant adverse impacts on the environment or on climate[14].

The mandatory environment & climate risk screening helps identify high risk actions that should be either excluded or subject to a dedicated impact assessment (Strategic Environmental Assessment – SEA, Environmental Impact Assessment – EIA, and/or Climate Risk Assessment – CRA), which will help identify the appropriate measures, including alternative options, to avoid, mitigate, offset or compensate adverse impacts on environment or the climate. In the case of impact assessments, these tools inform the decision-making process and, if the impacts on the environment are considered unacceptable, it may be decided not to support the project in question.

Undertake the environment & climate risk screening to identify high risk actions and determine the need for an SEA, an EIA and/or a CRA. If any of these analyses are necessary, make provisions to carry them out at an early stage such that they can meaningfully influence the design of the action.

The environment & climate risk screening allows to identify areas of potential impact that should be addressed in the design of the action, even if a dedicated tool (SEA, EIA and/or CRA) is not required. **All actions must avoid harmful impacts on the environment and climate, in line with the DNH principle**.

13 As supported by the EC/UNDP Biodiversity Finance Initiative BIOFIN, or similar instruments at national level.

14 See Article 8.8 of the NDICI-GE Regulation.

Assess the environmental and climate vulnerability of the action and identify options to ensure its resilience

The effectiveness and sustainability of the action can be compromised by climate change and environmental degradation processes that are often beyond the control of the action. These risks must be understood, and the action designed to be climate-proof and resilient to relevant environmental degradation processes. Climate Risk Assessment (CRA) is a useful tool to address climate-proofing; if a full-fledged CRA is not necessary, the CRA screening will be useful to identify climate risks and climate-proofing opportunities.

Project vulnerability from environmental degradation should also be examined, and relevant measures foreseen for the action. For example, promoting sustainable land management in the upper watershed to reduce the risk of accelerated siltation of a dam, working with industry in the project area to curb water pollution.

Adaptation to climate change and disaster risk reduction may also be closely linked, climate change being increasingly a driver of disaster risk. The common ground between adaptation and DRR[15] should entice building climate resilience through a disaster risk reduction lens, i.e. by preventing and reducing risks, reducing hazard exposure and vulnerability to disasters, and increasing preparedness for response and recovery (Sendai Framework, UNDRR, 2015).[36]

Assess indicative contributions to the climate and biodiversity spending targets

The identification should provide a first indication of the contributions to the climate and biodiversity spending targets. Application of the Rio markers must be done carefully as it is the basis for the EU to report climate finance to the OECD; if not applied consistently, this may lead to reputational risks for the EU.

In the case of **INTPA SSC AAP fiches**, indicative contributions to the climate and biodiversity targets are required in two sections:

1. **In the table at the end of the description of each action**. The 'climate' or 'biodiversity' box should only be ticked if climate or biodiversity are expected to be a significant or a principal objective of the action. The amount to be indicated should be equivalent to either 100 % of the action's budget (if the theme is expected to be a 'principal objective') or 40 % of the action's budget ('significant objective'). **No percentage other than 40 % or 100 % of the action's budget should be indicated** if the box is ticked; if it is not ticked, it is considered that the action does not target biodiversity or climate to at least a 'significant' degree and, therefore, the contribution will be 0 %.

2. The **financial overview table** should indicate the total expected contributions to the climate change target under each priority area, and the total for each year should be indicated at the bottom of the table. Notice that the total by priority area should be the sum of the individual contributions from all actions in the particular priority area.

Financial contributions indicated during identification are indicative and must be validated in the related action documents. For further details on the definitions and eligibility criteria for the Rio markers, refer to **Annex 2**.

15 As cited in the EU Adaptation Strategy (European Commission, 2021c)[37] and the OECD position paper on CCA and DRR (OECD, 2020).[38]

2.1.5. Greening formulation

BACKGROUND

The action document should **concretely and explicitly integrate** environment, climate change and DRR into the action design, in particular in the definition of the **objectives, outcomes, outputs, activities and/or indicators**.

ENTRY POINTS FOR FORMULATION

Build on the greening steps from identification

- Seek **further opportunities to maximise positive contributions** to environmental sustainability, biodiversity, climate resilience and low carbon development. The Quick Tips for the integration of environment and climate change can be used as inspiration to identify options to enhance positive contributions (Greening Facility, n.d.-a).[35]
- Ensure climate proofing of the project and integrate measures to address its vulnerability to environmental degradation processes that can affect its effectiveness and sustainability.
- **Avoid excluded activities** under Article 29 of the NDICI-Global Europe Regulation (see section 2.1.4 on **identification**) and ensure compliance with the national environmental and climate legislation.
- Wherever relevant, integrate environment and climate change concerns and objectives in the definition of the **objectives, outcomes, outputs, activities and/or indicators**; and ensure that the proposed **implementation modalities/implementers** will be conducive to their implementation.
- Ensure that formulation of the action is informed by **meaningful consultations** with key environment and climate stakeholders.
- **Mobilise specific expertise** to address environment and climate change opportunities and risks and foresee specific attention to these matters during milestones of the design process.
- Ensure that the design of the action respects the DNH principle. Refer to the corresponding section under Identification for more details.
- Involve the thematic units on environment and climate change in DG INTPA, DG ENEST or DG MENA as part of the **co-creation process** (INTPA F1 and F2 [notably via the CCT/RCT/TCT], ENEST A2 and MENA C3).

Finalise the screening process

If not already done, complete the mandatory environment & climate risk screening to identify the need for an SEA, an EIA and/or a CRA and foresee the appropriate resources. More details on the environment & climate risk screening can be found in Annex 1, whilst the screening process can be found in Annex 4.

The results of the environment & climate risk screening must be summarised in the mainstreaming section of the action document and **annex f3 to the action document**[16] must provide the rationale for the risk category and for whether or not an SEA, an EIA and/or a CRA is required. The questionnaire in Annex f3 must also indicate the opportunities to minimise environment and climate risks, and maximise opportunities to contribute to environmental sustainability, climate resilience and low-carbon development, even in the case that an SEA, EIA and/or a CRA is not required.

For actions with a potentially high environment- or climate- risk[17], it is recommended to engage partners and key stakeholders in the screening process. **Annex 5 on Sources to understand the environment and climate change context** can be useful to apply the screening.

- If the screening indicates that an EIA, SEA or CRA is necessary, ensure **sufficient financial resources** are available for their preparation. These can be from the action's budget or from other sources such as 'Support Measures' or a 'Cooperation Facility' potentially available at EUD level.

(If relevant) finalise any required environmental or climate assessments

Ideally, the environment & climate risk screening should be undertaken during identification, or even programming, in which case it is good practice to complete any required assessments in time to inform the formulation of the action. However, these assessments can take time to complete and there is a possibility that they may not be ready by the time the funds have to be committed.

If an EIA is required for a particular project/activity under national legislation, its completion will be mandatory before development consent can be given.

Early completion is also particularly relevant for SEA, which should inform the design of a budget support programme. The SEA approach should be adapted to the stage at which the formulation of the national/sector strategy in question is at. Ideally SEAs should be an integral component of the policy making/planning process, although often they will be prepared on the basis of an already advanced or even a final version. This is why it is encouraged to identify the need for an SEA as early as possible, even from the programming phase.

16 As per the INTPA Companion to financial and contractual procedures applicable to external actions financed from the general budget of the EU and from the 11th EDF.(European Commission, DG INTPA, 2025)[39]

17 Sectors with potentially high environment and climate risk include: agriculture and land use change, energy, transport, water, private sector development, urban development and tourism.

Develop specific green measures and indicators

- Identify options to minimise the action's adverse impacts on the environment and climate, which should be integrated into the design of the action independently on whether an SEA, EIA and/or CRA are required. The Quick Tips provide concrete ideas (Greening Facility, n.d.-a).[35]
- Identify climate-proofing measures and other measures necessary to address the potential impact of environmental degradation processes on the project.
- Identify indicators to measure progress on the achievement of positive environmental and climate objectives, and ensure the effectiveness of adverse impact mitigation measures. In the latter case, and for high-risk activities, these indicators will be provided by the Environmental Management Plan (EMP) and/or the Climate Risk Management Plan (CRMP).

Score policy and Rio markers

- Score the policy markers for aid to environment and DRR, as well as the Rio markers as either 'principal objective', 'significant objective' or 'not targeted'. Refer to the OECD DAC eligibility criteria and guidance available to ensure the correct use of the markers. Additional guidance is available in the document Rio markers and policy markers for Aid to Environment and Disaster Risk Reduction (Greening Facility, n.d.-b).[40]
- Remember to consult the thematic units dealing with environment and climate change early in the design and at the latest as part of the quality review processes.

Ensure partners' processes are aligned

When it comes to the environment & climate risk screening and ensuring the adherence to do the DNH principle, partner organisations can apply their own processes and safeguards, as long as they are not less stringent than the EU's screening procedure described in this toolbox. Please keep in mind that partner organisations are not pillar-assessed for their environmental and climate safeguards and standards.

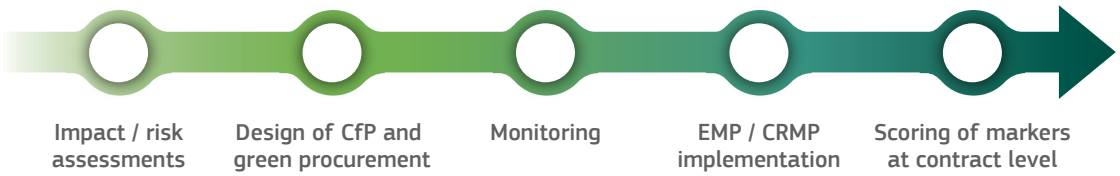
- Enquire about the environmental policies and safeguards used by the selected implementing partners to ensure alignment with the minimum requirements defined in this toolbox. Assistance can be obtained from the thematic units and their support facilities to this effect.

2.1.6. Greening implementation

BACKGROUND

It is during implementation that all the previous efforts to ensure a good integration of environment and climate change need to be put into practice. It is an obligation of the implementing partners to ensure strict compliance with the country's environment and climate legislation at all stages of implementation. The measures proposed below seek to go beyond this obligation.

ENTRY POINTS FOR IMPLEMENTATION



→ Complete environmental and climate impact/risk assessments

If an SEA, EIA and/or CRA were required, these should be completed in time to inform formulation; this is especially the case for SEA, which should inform the eligibility assessment for budget support and the design of budget support programmes.

In some cases, these assessments are prepared only during the action's implementation. This can be the case for EIAs and CRAs concerning specific interventions that will be developed during implementation and which, if required under national legislation, must be submitted to the competent authority for development consent.

→ Ensure the contract/agreement for implementation fully reflects the environment and climate ambition of the action

The environment and climate ambition spelled out in the action document must be reflected in the contractual documents and agreements, in particular the detailed project description and logframe, including a description of what is expected from the implementing partners on these aspects. Safeguards and provisions necessary to ensure compliance with the national legislation and the DNH principle need to be put in place.

→ Encourage green procurement and the integration of environment and climate change in calls for proposals and technological choices

Opting for green and low carbon technologies and approaches in the implementation of the action provides further opportunities to maximise positive impacts. Implementing partners should be systematically encouraged to use green procurement and include environmental sustainability and climate change criteria in the contract's implementation. Refer to **Annex 11 on Greening Procurement**.

Implementing partners should be systematically encouraged to include environmental sustainability criteria in calls for proposals (CfP). Refer to **Annex 10 on Greening Calls for Proposals.**

→ Ensure environment and climate change are integrated in project monitoring

The monitoring should include a focus on the achievement of environmental and climate-related outputs and outcomes and possible unintended negative impacts. Monitoring not only offers an opportunity to realign the project/programme in case the information collected shows unsatisfactory performance, but it also allows to identify new opportunities to enhance environmental and climate performance by ensuring that the action:

- delivers its expected contributions to environmental sustainability, climate resilience and low-carbon development in an effective and efficient manner;
- does not create unexpected environmental impacts that could have been avoided;
- minimises residual impacts, restores the damaged environment and implements any agreed offsets and nature-positive actions;
- does not support maladaptation or unsustainable practices, create, or increase climate vulnerability;
- is not jeopardised by climate change or environmental degradation;
- monitors risks related to the above and undertakes appropriate remedial action as necessary;
- is not infringing domestic environmental laws and regulations.

Include environment and climate indicators to ensure that the action effectively delivers on its intentions and takes corrective measures

Environmental and climate indicators in the action's monitoring system should be related to environmental status, pressure factors, environmental effects and response measures (see DPSIR framework in **Annex 9**). Response measures potentially include those implemented by the action, interpreted in light of EU pre-identified indicators (GERF indicators, European Commission, 2022b).[33] EIAs, CRAs and EMPs can also be used as tools to identify relevant environmental and climate indicators for the action.

- Selecting an indicator implies that sources of environmental and climate information should be available, at least at project level (notably, when the indicator is not part of a national data system).
- It may be useful to determine threshold criteria which trigger the consideration of remedial action (e.g. in the context of a water delivery project, minimal level of water quality). Remedial action can be undertaken at the planning and/or implementation level.

The monitoring system should also be designed to foresee dialogue on potential contributions of the action to environmental and climate impacts. The availability of quality data can substantially improve learning regarding the relationship between the intervention, the environment and climate change.

Annex 9 presents additional guidance on indicators.

Environment and climate change can be reflected in the **result-oriented monitoring (ROM) reviews**. For example, they can be used to tackle potential design weaknesses (e.g. to strengthen climate or environmental integration in the intervention monitoring system); give external advice on specific shortcomings and needs (e.g. related to the improvement of climate resilience or disaster risk management, the protection of biodiversity and ecosystem services, or addressing equal access to natural resources); support lessons learnt and the design of future actions.

ROM review questions under the eight monitoring criteria with a focus on environment, climate change and disaster risk reduction are found mainly under the sustainability criteria and cross-cutting issues [18]. Yet the ROM Handbook also relates the effectiveness criteria to environmental and climate issues (European Commission, n.d.-e).[41] Notably, the review should consider the influence of the intervention on the partner's environmental policies. It should also consider the intervention's unintended positive or negative environmental and climate impacts.

→ Implement the Environmental Management Plan (EMP) and Climate Risk Management Plan (CRMP)

If an EIA and/or a CRA were completed for the project/action, it must be ensured that the corresponding **Environmental Management Plan** (EMP) and/or **Climate Risk Management Plan** (CRMP) are reflected in the relevant contractual documents, as well as in the project/programme monitoring system. The EMP and CRMP specify measures to avoid, mitigate or compensate adverse impacts on the environment and climate, and to manage climate risks. They specify how these will be monitored to verify their implementation and effectiveness.

National partners and implementing organisations are responsible for monitoring compliance with the EMP and CRMP. During the support period, EU Delegations receive monitoring reports, and thus have an opportunity to provide additional support to strengthen national monitoring systems. Once support operations have stopped, the EU delegation is (in principle) no longer party to the compliance monitoring of environmental and climate-related conditions. Consequently, it is crucial that the national partner's capacity to monitor is built during the implementation period.

→ When implementing a Strategic Environmental Assessment (SEA)

If an SEA was completed for the sector strategy that will be supported and/or for the corresponding EU support programme, the SEA recommendations can be taken up in the delegation's policy dialogue with the partner government.

If the action will support the development or updating of a sector strategy in an environmentally sensitive sector (see **Annex 4**), an SEA should be foreseen as one of the activities, in which case the SEA will be prepared during implementation.

→ Score markers at contract level

A DAC form must be completed at the level of contracts. This includes the aid to environment and DRR policy markers as well as the four Rio markers. Unless there are specific reasons to score the markers otherwise, the marker scores at contract level should be aligned to those of the decision.

Guidance on policy and Rio markers is available in **Annex 2.**

18 Notably, Question 7.3 on environmental constraints and opportunities, thereby also dealing with environmental sustainability; Question 7.4 on the contribution to EU climate change commitments; Question 7.5 on the application of the Do No Harm principle, inequality and governance, (including on the management of natural resources).

2.1.7. Greening evaluation

BACKGROUND

Mid-term and final evaluations of projects and programmes should be encouraged to assess the environmental outputs/outcomes/impacts, provide elements to improve their environmental performance (in the case of mid-term evaluations) and draw lessons from a climate and environmental perspective.

Evaluations can be helpful in different ways. In the case of a mid-term evaluation, its results should be discussed with stakeholders and necessary changes integrated in the programme/project to enhance its environmental and climate change performance.

A final evaluation usually provides lessons regarding environmental and climate change performance which should be drawn and disseminated to inform the design of future programmes and projects.

Wherever feasible, evaluation results should also inform environmental and climate-related policy dialogues.

ENTRY POINTS FOR GREENING EVALUATION

→ Prepare evaluation terms of reference with a green scope

An evaluation typically focuses on performance against the DAC criteria, including relevance, efficiency, effectiveness, impact and sustainability and lessons learnt, with the view to improve the implementation, inform the preparation of future projects and programmes and ensure accountability. The assessment of the performance of EU actions may also include coherence and EU added value.

Environmental and climate issues can be included in the evaluation scope through the lens of each of its criteria.

☑ To define the green scope of the evaluation, perform a **preliminary and internal review** of the design, ambition, and constraints of the action from an environmental and climate change perspective.

This can be done through reviewing the following questions:

- To what extent did the initial action identify potential harmful impacts on the environment, climate and vulnerability to climate change, or opportunities for positive impacts? Which mechanisms were foreseen for implementation to address these issues?
- In the action's context, are there environmental and climate-related risks and constraints that may jeopardise the intended achievements of EU support? How were these considered at design and implementation level?
- Did the action intend to bring about a meaningful contribution (well-defined, evidence-based, constructive, measurable) to environmental and climate objectives? Did it support opportunities for longer-term benefits for the transformation to a green and circular economy?
- Using the above, what is the potential for lessons learnt? Notably, which elements related to environmental or climate issues can contribute to the ongoing policy dialogue and potentially enhance the commitment of stakeholders?

☑ Include relevant environmental and climate-related issues in the evaluation questions.

See page 180 for examples of potentially relevant evaluation questions.

In the requirements section, the ToR should stipulate that the evaluation team demonstrates proficiency in environmental, climate and/or disaster risk reduction in the related sector and/or country.

Review the quality of the evaluation

The evaluation manager is the person with the responsibility to supervise the methodological quality of the evaluation, including how well the evaluation addresses project performance over environmental and climate issues and disaster risk reduction, when relevant.

The following questions can be helpful in this process:

- Does the evaluation consider the environment in all its dimensions: climate change, pollution and human health, biodiversity, land, soil, water, air and climate, material assets, cultural heritage and landscape, as well as the interactions between these elements?
- Do all evaluation stages (inception, desk and field phases, final report) give an account of how the action interacted with the environment and considered climate change, analysing and justifying the choices made in the light of the issues identified in the area concerned?
- Is the evaluation's analysis proportionate to the environmental and climate risks, including the sensitivity of the area likely to be affected, the scale and nature of the interventions and their foreseeable impact on the environment?
- Are the proposed methods for data collection and subsequent analysis of environmental and climate performance well-conceived?
- Will the evaluation lead to concrete and relevant recommendations to improve the environmental and climate related impacts of on-going interventions and to findings that will help improve future decision-making e.g. by considering how the design of a project could be optimised to minimise or avoid negative environmental impacts?

To ensure a smooth follow-up, it is good practice for the evaluation manager to mobilise the evaluation reference group to obtain feedback on how the evaluation is considering climate and environmental performance.

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2.2. GREENING BUDGET SUPPORT

2.2.1. Background to greening budget support

Budget support operations provide assistance to implement either national sustainable development policies (in the form of general budget support, under either SDG Contracts or state and resilience building contracts – SRBC) or a sector strategy (in the form of sector reform performance contracts - SRPC). They foster ownership, support policy reforms, focus on results, build capacities and are the anchor for policy dialogue. The funds are transferred to the national treasury and these are managed according to national financial management systems. Thus, budget support also offers unique opportunities for environmental and climate change integration in national development and economic governance or in specific sectors, starting with the greening of the country's policies, indicator frameworks, fiscal policies, public finance management, and domestic revenue mobilisation systems[19]

Budget support can also finance the implementation of national or sub-national climate change and environmental strategies, policies and plans. This is notably because:

- Environmental and climate change policies can only be meaningfully implemented through a whole-of-government approach. To address the urgent climate change and environmental challenges, green priorities must be at the heart of development strategies and incorporated into medium-term planning and annual budget allocation decisions.
- Budget support can strengthen the integration of environment and climate change in the partner country's public finance management (PFM) systems. PFM ensures that the government respects aggregate fiscal discipline, does an adequate allocation of resources, delivers public services efficiently, and that public policies are implemented as intended and achieve their objectives in a transparent manner. PFM reforms are supported through various instruments, stand-alone projects, budget support, policy dialogue and through specialised agencies such as the IMF and the World Bank.
- Positive results in green public finance at international level have led to a growing interest in greening PFM systems. They are associated with a stronger public response to environmental challenges and the prevention and reduction of risks towards resilience, increase coherence in green public investments by making the case for a green economy, and can foster better access to green finance. See **Annex 12** on greening PFM.
- There is a high potential to foster partner countries' fiscal reforms to include green finance tools. Instruments such as environmental taxation allow for countries' environmental challenges to be addressed, while encouraging sustainable consumption and production, and generating financial resources to decrease dependency on external financial aid.

19 The Budget Support guidelines (European Commission, 2017)[42] provide fuller explanations on budget support processes.

Budget support in a context of fragility

When budget support focuses on specific sector policies and reforms, it focuses on creating the conditions for sustainable growth at sector level. Typical greening entry points are developed in the section on the analysis of budget support criteria under a green perspective (below).

In a context of fragility, general budget support is provided under a state and resilience building contract (SRBC). In this context the entry points developed in the analysis of budget support criteria remain valid, and additional entry points may include:

- Addressing the structural causes of fragility from a governance and environmental/climate change point of view. Climate change, biodiversity loss and environmental degradation can be drivers of fragility or conflict, and, in turn, this makes it more difficult to adapt to climate change and cope with the impacts of environmental degradation and biodiversity loss.
- The above implies identifying the links between fragility, conflict, scarcity of resources and conditions of access to these resources. Entry points should be identified for resilience, peace building and conflict prevention e.g. through the implementation of integrated water resource management, the support to an inclusive share of maritime resources, or by encouraging measures reducing pressure on productive land. Furthermore, fragility and energy poverty are also closely connected. Scaling access to clean energy and managing an energy transition can be truly transformative for communities in fragile or conflict-affected contexts.
- Linking with disaster risk reduction e.g. through the promotion of eco-DRR practices, favouring environmentally regenerative solutions to enhance resilience, including improved adaptation to climate change, build stability and provide a range of economic and social benefits. Crises and disasters also offer opportunities to 'build back better' focusing on environmental sustainability.
- Identifying entry points and, to the extent possible, quick gains to foster the resilience of the economy and country systems, to help them cope with exogenous or domestic shocks, e.g. due to more frequent and impactful extreme weather events.

2.2.2. Main entry points in greening budget support operations

→ Apply the environment & climate risk screening and determine the need for a Strategic Environmental Assessment

Complete the environment & climate risk screening (Annex 4).

In the context of budget support, the screening:

- determines the need for dedicated studies to ensure that implementation of the supported development policy/strategy will not result in significant adverse impacts to the environment and climate ('do no harm');
- can provide elements for the completion or update of the risk management framework plus (RMF+).

In all cases, it is required to:

☑ Verify that the action does not imply the support to any of the activities excluded under Art. 29 of the NDICI-Global Europe regulation (**see p. 7**).

When launching a budget support operation, undertaking an SEA is strongly encouraged!

An SEA will help assess the first eligibility criterion for budget support from an environment and climate change perspective, namely ensuring a credible and relevant national/sector policy.

An SEA's findings can be useful in other phases of the budget support cycle. An SEA can:

- identify environment and climate change elements to be integrated in the policy dialogue;
- suggest environment and climate related indicators to be included in the performance assessment framework;
- provide recommendations for support measures to help address e.g. shortcomings in environmental/climate change capacities and regulatory frameworks.

To learn more about why an SEA is relevant to budget support, click **see page 181**. An SEA ToR template can be found in **Annex 6**.

☑ Determine the need for a Strategic Environmental Assessment (SEA) and justify the decision.

Use **Annex 4**, part A, to identify the need for a Strategic Environmental Assessment (SEA).

Analyse the budget support eligibility criteria from a green perspective

A country may be considered eligible for budget support when there is:

- a credible and relevant sector policy, which supports[20] sustainable and inclusive growth;
- a stable macroeconomic framework or policies aiming to maintain/restore macroeconomic stability;
- a programme to improve public finance management, including domestic revenue mobilisation. To learn more about greening PFM, **see page 182**.
- transparency and oversight of the budget.

Each of the criteria can be used to identify entry points for greening the budget support operation. For instance, by identifying the macro-economic risks of not addressing climate risks or environmental degradation e.g. storms, floods, droughts, water contamination, air pollution (macroeconomic framework); by greening public budgeting processes (PFM); or by supporting the reporting on the use of national environmental and climate budgets (transparency and oversight).

Use **Annex 14** to identify key entry points for environmental and climate integration when assessing the budget support eligibility criteria.

Make use of budget support general conditions to formulate green performance indicators

A key lever in the promotion of policy shifts, reforms and results lies in the monitoring of performance indicators, upon which the release of variable tranches is conditioned. Performance indicators come in addition to the general conditions applying to all disbursements and mirroring the four eligibility criteria. The general conditions of budget support allow for policy dialogue on the policy as a whole, with all the related reforms and expected results. They also allow for dialogue on the country's macroeconomic and fiscal policies as much as PFM/DRM systems and fiscal transparency (for instance, addressing harmful subsidies and fostering transparency on their impact, or promoting green budgeting or sustainable procurement). Variable tranche disbursements add an extra layer of performance incentive with a limited number of specific indicators.

If there are key environmental or climate change issues related to the policy/strategy being supported, addressing them should be considered a key aim, and thus be addressed in the overall dialogue/monitoring around budget support general conditions and reflected specifically in the performance indicators.

When selecting environmental and climate indicators in the context of budget support, consider:

- making use of an SEA to get recommendations on environmental or climate change related issues that could be integrated in the policy performance assessment framework;
- when possible, using indicators from the country's statistical or monitoring and evaluation systems e.g. the national measuring, reporting and verification (MRV) system for climate action or the NBSAP indicators;
- using the sector performance assessment framework to identify how environmental and climate change issues and opportunities can influence the sector's performance. Ensure they are reflected in the performance indicators;
- giving preference to indicators at induced output or outcome level e.g. volume of inputs used in agricultural production, water bodies achieving sustainable abstraction criteria, municipal waste recycling rates[21];

20 The full criteria review includes policy support to the overall objectives of poverty eradication and inequality reduction, and sustainable and inclusive growth and job creation, the consolidation of democracies and peaceful societies, and the promotion of gender equality (Budget Support Guidelines, European Commission, 2017).[42]

21 In the case of environmental or climate action, results may only be measurable in the medium term, sometimes after the implementation period. Also, the availability of some environmental or climate information (e.g. forest inventory, total national GHG emissions) may not be suitable to budget support timelines, which usually reviews progress on an annual basis. This calls for realism on which information should be required when formulating performance indicators.

- considering the current capacities to gather and report relevant environmental or climate information, at both institutional and private level e.g. the quantification of greenhouse gas emissions at sector level should be based on valid international protocols and are often more credible if public and private parties are involved.

Any other performance indicators need to be checked to ensure they will not promote undesired negative impacts on the environment or climate, or exacerbate vulnerability to climate change (e.g. indicators such as 'tonnes of pesticides imported' should be avoided, as they are related to the use of environmentally harmful substances or activities).

→ Green the policy dialogue in the context of budget support

Budget support operations involve policy dialogue to agree on the reforms or development results to which it can contribute; an assessment of the progress achieved against the general conditions and the use of performance indicators; financial transfers to the treasury account of the partner country contingent on results; and capacity development support. All of these aspects can be geared towards optimising environmental and climate change objectives and aligning to the 'do no harm' principle.

To ensure a whole-of-government perspective, it is essential to involve central ministries including finance and planning, which are central to PFM, as well as line ministries (e.g. ministry of environment) and other national institutions (e.g. for audit and transparency), including when the budget support is targeting the implementation of environmental and climate change strategies.

Check section 2.4 on **Greening the policy dialogue** for further insight.

→ Define complementary support measures for green objectives

Complementary support is an essential component of budget support, taking the form of studies, capacity development and short- or long-term technical assistance, feeding into policy dialogue.

To strengthen the environment and climate-related capacity of partner institutions and systems, complementary support may combine some of the following activities.

STUDIES

- Promote analytical and participatory approaches that aim to better integrate environmental considerations into policies, plans and programmes, such as a Strategic Environmental Assessment (SEA). Depending on the context also consider the use of tools such as climate vulnerability and risk assessment, or an economic valuation of environmental and climate integration.
- Promote the regular use of PFM diagnostic tools with their dedicated modules addressing climate/environmental aspects (for instance, public expenditure and financial accountability (PEFA Climate), methodology for assessing procurement systems (MAPS) for sustainable procurement, Climate-PIMA on public investment management). See **Annex 12** for more details.
- Support institutional self-assessments, including in line ministries, to review their governance set-up and existing practices on green budgeting, and identify areas for improvement. For instance, identify the implications of integrating climate-related measures in policies, strategies and programmes on the revenue as well as the expenditure sides of a budget. These can then be applied in a medium-term expenditure framework (MTEF), or a medium-term revenue strategy (MTRS).

CAPACITY DEVELOPMENT

- Address knowledge gaps and develop guidance allowing decision makers to assess benefits of environmental and climate change proposals, including when engaging with other stakeholders comprising local actors and civil society.
- Support national capacities for the identification of revenue and expenditure relevant for climate or environmental objectives in specific sectors, building on national budgetary classifications, or other applicable methodologies (notably, the EU taxonomy or regional/national taxonomies).
- Develop training and capacity-building of government officials (e.g. accountants, budget analysts and auditors) and/or budget officers and planners in procedures and techniques for preparing green budgets and subsequently monitoring and reporting on fiscal outcomes and fiscal risks.

- Consider complementary capacity development to actors able to channel finance towards a green transition, in the view of accessing additional finance, including from private sources. This could include, for instance, trainings on how to invest in green spaces and natural infrastructure, on the definition and management of green/blue bonds and carbon markets, or on how to improve financial support to policies with green objectives e.g. an inclusive and sustainable blue economy.

TECHNICAL ASSISTANCE

- Deploy short or long-term technical assistance contributing the development of policy and regulation supportive of environmental and climate action.
- Provide technical assistance to PFM institutions covering the development and effective use of guidelines and templates for greening PFM systems, including taxation (e.g. reduce tax benefits with adverse environmental effects, promote tax exemptions and duty waivers that stimulate the consumption of green products and services over polluting ones), procurement (e.g. promoting greener technical specifications and award criteria) or public investment management (e.g. mainstreaming sustainability principles in investment screening, management and monitoring).
- Promote the exchange of good practices between actors in green PFM systems, external audits that address environmental and climate concerns and parliamentary oversight, also with peer/neighbour countries or through peer-to-peer partnerships with EU administrations (e.g. twinning/TAIEX).
- Considering that monitoring and evaluation in budget support can go beyond the use of performance indicators, provide support to data systems to:
  - **i.** track or record progress in terms of environmental sustainability and climate action, including in the implementation of reforms to improve green PFM;
  - **ii.** promote good practices and innovation at sector level (e.g. limiting environmental degradation, improving natural resource management);
  - **iii.** improve information for decision-making on green investments;
  - **iv.** build evidence for future policy making.

More details on complementary support measures and tools for greening the budget support are available in **Annex 14**.

2.3. GREENING INVESTMENTS

2.3.1. Background to greening investments

The **Global Gateway** is a key European strategy to boost smart, clean and secure links in digital, energy and transport sectors and to strengthen health, education and research systems across the world. It has become a cornerstone of EU cooperation that is largely implemented through support to investments in the form of **blended finance** and **budgetary guarantees**. The Global Gateway aims to invest in developing infrastructures that are clean, climate resilient and aligned with pathways towards net zero emissions; it also promotes the implementation of the G20 Principles for Quality Infrastructure Investments (World Bank, n.d.).[43]

Under the NDICI-Global Europe, the **European Fund for Sustainable Development Plus (EFSD+)** provides an umbrella for both blended finance and budgetary guarantee operations in EU external actions, and thus the framework to implement the Global Gateway. Environmental sustainability, climate resilience and low carbon development are key elements of the EFSD+ (as per Art. 31.2 of the NDICI-Global Europe Regulation). Investments need to align to the DNH principle of the NDICI-Global Europe Regulation as well as to the Global Gateway's 'green and clean' principle.

The EU contribution to an investment should result in an additionality, which can be environmental, and which is expected to go beyond regulatory obligations[22]. The preparation of Environmental Impact Assessments cannot be considered an additionality as it is a legal requirement in most cases.

In the case of blending operations and budgetary guarantees it is the **environmental and social standards and safeguards** of the lead financial institution (LFI)[23] that are applicable. However, ensuring the integration of environment and climate change remains an obligation for the Commission, and inadequate attention to these elements can also pose a significant reputational risk for the organisation.

Although FIs that act as Lead FIs are pillar-assessed, for the time being the pillar assessment does not assess their environmental and social systems, standards and safeguards.

Recent European policies and legislation on sustainable finance[24] translate international commitments[25] into a framework for European FIs to integrate the sustainability objectives and upgrade their environmental policies and systems. Most of them have pledged for net zero strategies, and the CBD COP15 Decision on Resource Mobilisation calls for alignment of their portfolios with goals and targets of the Global Biodiversity Framework. Nevertheless, integrating recent pledges and regulation in investment processes and cascading implementation of sustainability strategies down to the projects on the ground is complex. Additionally, not all EU partner FIs fall under the European regulations.

In addition to promoting sustainable finance, environment and climate change must be integrated in all EU supported investments, irrespective of the form of support

See page 183 for ideas on how the use of blending and guarantees can be geared to support environmental and climate objectives.

The entry points for the EU to integrate environment and climate change in blended finance and guarantees are very similar, although the processes are different. In all cases it is essential that environment and climate change concerns are addressed upstream in the process, as early as possible, and that these remain a constant element throughout the whole cycle.

22 The Blending Guidelines provides clarifications on additionality of EU support in blending operations (European Commission, 2015).[44]

23 The lead financial institution is the pillar-assessed IFI which carries the project and gets into contractual arrangements with the EU. Other IFIs may be involved as co-investors.

24 The European Sustainable Finance Strategy (ESFS) (European Commission, 2021d),[45] including the EU Taxonomy for sustainable activities (European Commission, 2020),[46] the Sustainable Finance Disclosures Regulation (SFDR) (European Commission, 2023a),[47] and the upcoming Corporate Sustainability Reporting Directive (CSRD) (European Commission, 2022c)[48] and Corporate Sustainability Due Diligence Directive (CSDDD) (European Commission, 2024a).[49]

25 Including the 2030 Agenda for Sustainable Development (UN, 2015),[8] Agenda 2063 (African Union Commission, 2015),[50] the Addis Ababa Action Agenda (UN, 2015b),[51] the Paris Agreement on Climate Change (2015),[3] the Sendai Framework for Disaster Risk Reduction 2015-2030 (UNDRR, 2015),[36] and the UN Security Council Resolution 2282 (UN Security Council, 2016)[52] on sustaining peace and the Global Biodiversity Framework (CBD, 2022).[4]

2.3.2. Main entry points in greening blended finance

- **Engage in a green dialogue with the financial institutions.** The dialogue with financial institutions held by DGs INTPA, ENEST and MENA, and EU delegations must convey the importance that the Commission places on maximising opportunities to contribute to the green transition and ensuring compliance with the DNH and 'green and clean' principles. This dialogue can touch on any issues of concern, such as prioritisation of investments based on green criteria, the use of robust environmental safeguards/standards, and ensuring adequate environmental and climate risk monitoring and reporting provisions.

- **Understand the applicable environmental standards and safeguards** of the Lead Financial Institution (LFI). In the case of environment and climate risk screening and assessment, verify that the requirements are aligned to those under the EU EIA Directive[26]. If not aligned, the application of stricter standards can be requested from the LFI. If **intermediary financial institutions** will be involved, enquire about the standards and safeguards that will be applied and how the LFI is ensuring their quality, possibly by supporting the intermediary institutions to build their capacities and upgrade their standards.

As far as **investments in micro, small and medium enterprises** (MSMEs) are concerned, a tailored environmental and social management system at portfolio level to support the assessment of underlying sub-investments is highly recommended, and potentially to identify green projects opportunities. Support to MSMEs offers opportunities to prioritise initiatives that promote the transition to an environmentally sustainable, low-carbon and climate-resilient development; for example, business initiatives that will generate green jobs and implement the principles of a circular economy. The technical assistance linked to MSME programmes could also be geared towards promoting environmental disclosures (cf Carbon Disclosure Platform (CDP) and Task Force on Climate-related Financial Disclosures (TCFD) / Taskforce on Nature-related Financial Disclosures (TNFD) climate and biodiversity recommended disclosures), which could help address the external impacts of internal EU legislation such as the CSRD and the CSDDD.

- **Understand the environment and climate risks of the project**[27]. Make sure the LFI clearly indicates the environment and climate risk category of the project, and whether an Environmental Impact Assessment (EIA), and/or a Climate Risk Assessment (CRA)[28] are required.

  Request the LFI to provide a summary of the findings of any EIA or CRA that was prepared, including the key risks identified and how they are addressed in the project design and monitoring framework. In the case of EIB, this information should be contained in the Environmental & Social Data Sheet.

  If considered necessary, request the full assessment reports for their review, which should be shared by the LFI as early as possible. It is pertinent to recall that EIA-related documents (especially the EIA report) must be publicly available. In case of doubts, check the quality of these documents; INTPA, ENEST and MENA can provide support.

  If the EIA has not yet been prepared, and if the EIA ToR are open for comments, think of promoting ambition beyond the minimum requirements, for example asking for the potential for nature-based solutions to be explored as part of the project's design. Other relevant document that should be

26 Directive 2011/92/EU (European Parliament & Council, 2012)[53] as amended by 2014/52/EU (European Parliament & Council, 2014).[54]

27 Applicable at preparation stage to investment agreements which relate to specific projects. In the case of investment agreements related to funds or portfolios, this might be rather applied during implementation.

28 These can also be in the form of an Environmental and Social Impact Assessment (ESIA) and/or a Climate Risk and Vulnerability Assessment (CRVA).

shared (if available) include biodiversity management plans and Environmental Management Plans to avoid, minimise, restore or offset negative impacts.

The INTPA-ENEST-MENA tool for the screening of investment project pipelines (**Annex 13**) can be used to get an initial appreciation of the potential environmental and climate-related risks.

☑ **Pre-TAM (Technical Assistance Meeting) review of applications**. The TAM meeting should be used mainly to clarify any outstanding concerns to ensure the maximisation of opportunities and compliance with the 'do no harm' principle. If there are grounds to believe that the project does not comply with the DNH/DNSH and the 'green and clean' principles, or if the project is not compliant with Art. 29 (of the NDICI-Global Europe Regulation), the project should not be supported.

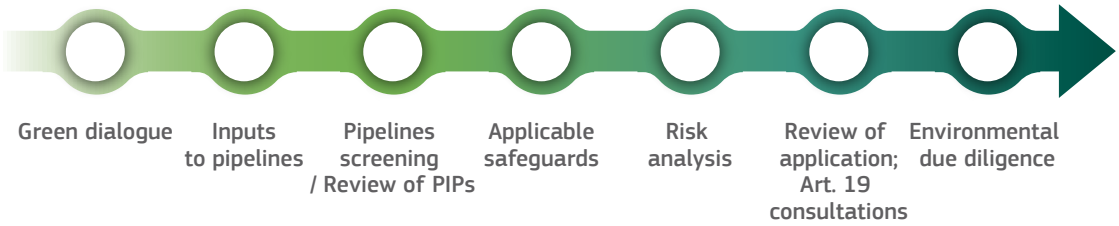
It may be the case that the first knowledge of a project comes with the blending application submitted ahead of the TAM meeting. In this case the considerations highlighted above (ascertaining the quality of the applicable environmental safeguards and standards, and understanding the environmental and climate risks of the project) should be addressed. Approval may be given conditioned to the satisfactory response to any environment or climate-related concerns identified.

In addition to the points already highlighted, the feedback provided at the TAM meeting must be based on **a review of the blending application** that should pay particular attention to the following elements:

- Ensure that the OECD DAC Rio markers and the policy markers for aid to environment and DRR are correctly scored. Please refer to **Annex 2** for guidance on the use of the Rio markers.
- If climate change mitigation, climate change adaptation, biodiversity, environment or combating desertification are indicated as 'significant' or 'principal' objectives:
  - > The issues in relation to the relevant themes should be described in the **context**. This is particularly important when claiming contributions to climate change adaptation, as the climate vulnerability context that will be addressed should be clearly indicated.
  - > The **description of the intervention**, the **results** framework and the **activities** must clearly show that the themes concerned are addressed to a significant extent.
- If climate change mitigation is a principal objective, check the qualification and quantification of the expected CO_2eq emissions reductions.
- The **context** must indicate the alignment to environmental and climate policies - such as the European Green Deal -, and consistency with the DNSH principle.
- If relevant, environmental and climate risks should be indicated in the **risk assessment**.
- If the EU support has an **environmental additionality**, this must be indicated. Remember that completion of mandatory requirements, such as an Environmental Impact Assessment, does not constitute an additionality.
- The **monitoring, reporting and evaluation** must ensure the implementation of any environmental and/or Climate Risk Management Plans.
- Review and identify possible **missed opportunities** to enhance positive contributions to environment and climate, such as synergies for biodiversity and climate co-benefits, and alternatives.

Considerations related to **contracting, monitoring and evaluations**, including **due diligence** provisions, are common to both blended finance and budgetary guarantees, and are described in section 2.3.4.

2.3.3. Main entry points in greening budgetary guarantees



Although most elements are common, the entry points for the greening of budgetary guarantees are slightly different for the cases of EIB and open architecture guarantees. The differences are highlighted below.

- **Include environment and climate change in the dialogue with the financial institutions**. Please refer to the point on **green dialogue with financial institutions** in the section 2.3.2 on blended finance above.
- **Contribute to the investment pipelines.** In dialogue with finance institutions and national partners, proactively identify investment opportunities that contribute to the green transition.
- **Review of Proposed Investment Programmes (PIP) (relevant for open architecture guarantees).** The applications for PIPs must be reviewed from an environment and climate change integration perspective, both to maximise positive contributions and to ensure compliance with the DNH principle. Although not strictly corresponding, the orientations to review an application for blended finance on section 2.3.2 can also be used to review a PIP application.
- **Screen investment pipelines from an environment and climate change integration perspective.**

Apply the **screening of investment project pipelines tool**.
The tool can be found in Annex 13.

The screening of investment pipelines tool allows to assess investments based on their expected contributions to the green transition and their environmental and climate risks; it provides guidance on aspects that can be addressed in the dialogue with finance partners – including the regular pipeline review meetings - and in the review of more detailed applications.

If the project requires the use of large amounts of shared natural resources, in particular water, the project must be part of a **river basin management plan** with government ownership and that has been agreed with all key stakeholders (i.e. water users and environmental actors). This is particularly relevant for projects such as hydroelectric dams and large-scale irrigation schemes.

- **Understand the applicable environmental standards and safeguards** of the LFI. Please refer to section 2.3.2 on blending operations and consult the EIB environmental and social standards (European Investment Bank, 2022).[55]

- **Understand the environment and climate risks of the project.** Please refer to section 2.3.2 on blending operations. In the case of EIB guarantees, the review of the pipelines will already provide an initial orientation of priorities and concerns that can be further examined when more information on the project is made available.

- **Review of applications and Art. 19 consultations**. Please refer to the section 2.3.2 on blending operations. In the case of EIB the Article 19 consultations offer an additional entry point, where the Commission can give a positive opinion, a positive opinion with comments (to which EIB must respond) or a negative opinion. If a project is non-compliant with Art. 29 of the NDICI-Global Europe Regulation, or significant and unacceptable adverse impacts on the environment are expected, a negative opinion should be given. A positive opinion with comments should be given if there are significant environment or climate-related concerns that need to be clarified.

2.3.4. Greening the contracting and monitoring of investments

Contracting and monitoring are under the responsibility of the lead financial institution. Nevertheless, the Commission and EU delegations must ensure that the greening opportunities and environmental risk mitigation and management measures are effectively implemented and monitored.

- **Ensure that the guarantee and blending agreements address key environmental and climate change concerns.** The environmental standards and safeguards applicable to the project should be stipulated.

  The guarantee and blending agreements with the different lead FIs should include a clause to ensure environmental objectives will be implemented by the different financial partners along the investment chain.

  The use of green procurement should be promoted, in which case the applicable green procurement procedures and criteria should be referred to in the guarantee/blending agreement.

- **Ensure adequate environment and climate impact mitigation and risk management measures.** Make sure that recommendations from the EIA and/or CRA are integrated in the project design, and that the Environmental Management Plan (EMP) (or Environmental and Social Management Plan – ESMP) are reflected in the project's monitoring framework.

  Guarantee and blending agreements should indicate the key findings of any EIA or CRA that were prepared, and the environmental and climate risk management measures that must be implemented. These may be specified in a separate document annexed to the agreement (e.g. the Environmental and Social Data Sheet in the case of EIB).

- **Monitoring.** Depending on the environmental and climate risks of the project, the Commission/EU delegation may decide to follow-up more closely on the implementation of the project and its EMP. This can take place by accompanying monitoring missions organised by the Lead FI or a ROM (for blending). In any case, it is recommended that delegations check the monitoring reports prepared by the LFI.

  If financial intermediaries are involved, it is recommended that technical assistance is provided by the lead FI to enhance their environmental and social systems and standards. It would be in the interest of the Commission to be kept informed of its implementation by the LFI.

2.3.5. Greening evaluations: learning from greening of blending and guarantees

- Use the opportunities offered by evaluations to measure the effectiveness and efficiency of environment and climate change integration into investments. Some questions that can be addressed in mid-term and final evaluations include, inter alia:
  - Were the environmental and climate risk mitigation measures identified at the start effective at preventing adverse impacts on the environment and managing climate risks?
  - Did the investment effectively contribute to the environment and/or climate objectives it claimed? Which were the main environmental impacts? Key success factors?
- Consider the organisation of an audit- in coordination with the LFI - in particular if there are high environmental and climate risks, to check the correct implementation of the applicable environmental and social safeguards and standards.

2.3.6. Seeking more effective greening of investments at national level: promoting upstream opportunities

- **Promote the integration of environment and climate change in sector planning.** Outside of the investments pipeline per se, it is encouraged to promote the integration of environment and climate change in government sector planning processes, so that future projects which are identified are aligned to environmentally-integrated sector plans and strategies. To this effect, Strategic Environmental Assessments (SEA) can be promoted jointly with other development partners.
- **Promote the greening of investments through upstream green finance frameworks.** The EU is engaged in promoting upstream financial frameworks and instruments to green financial systems in partner countries and financial institutions. Current initiatives include, inter alia, the promotion of green bonds, sustainable finance taxonomies and integrated national financial frameworks (INFF). Refer to **Annex 16** on greening investments through upstream green finance frameworks for guidance on such opportunities.

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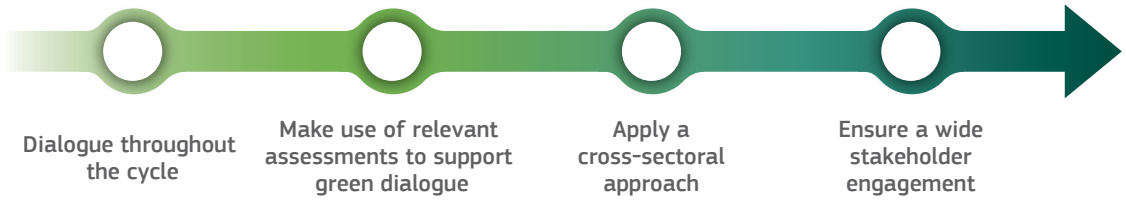
2.4. GREENING POLICY DIALOGUE

2.4.1. Background to greening policy dialogue

Policy dialogue plays a critical role in the promotion of a green transformational change. Environment, climate change and the green transition should be standard features embedded in the policy dialogues involving the EU at country and regional level, in meetings with local authorities, in sector and in thematic working groups or donor coordination platforms. Such dialogues can also focus on environmental or climate issues on their own right.

2.4.2. Key measures to green the policy dialogue



Dialogue throughout the cycle

Policy dialogue is at the centre of all phases in the intervention cycle and for all implementation modalities. It fuels the engagement with national partners and stakeholders and deepens understanding and insight into the links between the problem analysis, the state of the environment and climate change. Political economy insights can also help in understanding the drivers of and barriers to green action. Issues that are more difficult to address in specific actions or investments, or that are not politically palatable, may find a space in the policy dialogue.

Policy dialogue is particularly important during the preparation stages, including programming. It plays a critical role in the promotion of the environment and climate change mainstreaming agenda, including the promotion of a nature- and climate-positive development.

Make use of relevant assessments to support green dialogue

Policy dialogue is most effective when backed up with evidence and information, such as data, studies and examples of previous experience.

Different tools and studies that provide insight into the links between environment, climate change and development can be useful to prepare and support a green policy dialogue. These include:

- The Country Environmental Profile, which objective is to inform programming from an environmental and climate change integration perspective.
- The Risk Management Framework plus, which provides insight into environment and climate-related risks to EU cooperation.
- Any Strategic Environmental Assessment (SEA) that may have been prepared (e.g. in the context of budget support), some of the recommendations to enhance the environmental and climate performance of the national/sector policy or strategy can be taken up in the policy dialogue.

Apply a cross-sectoral approach

Policy dialogue offers an opportunity to convey/promote EU values and objectives, including on environment protection and climate change. It is also a way to build ownership of national partners of a sustainability and climate agenda, and the integration of all subtopics of environment and climate in all sectors of support. These dialogues should contribute to and complement existing policy dialogues of DG Environment and DG Climate Action.

→ Engage with the government and key stakeholders, including civil society

It is important to include the relevant stakeholders – including civil society – in order to contribute to country-led greening efforts. The country situation analysis should inform this dialogue.

Key outputs of an inclusive policy dialogue are listed below.

- The relevant stakeholders and target groups, including civil society and youth organisations (including any youth boards established by EU delegations), are identified along with the most appropriate platforms and communication channels for advancing environment and climate change mainstreaming.
- Relevant information on climate change and environmental issues, and the efforts provided to address them, guides EU support throughout the cycle (from the selection of priority areas and alignment with green priorities during programming, to the identification and formulation of actions contributing to environmental and climate objectives, and the assessment of EU support from a green perspective).
- Communication channels are established to sources of information on current national practices, priorities and plans for the greening of development.
- Close coordination with the lead and like-minded development partners on environmental and climate change issues is established, in a Team Europe spirit.
- National partners, development cooperation partners and EU delegation staff are familiar with EU thematic and geographical actions related to the integration of environment and climate change.
- National ownership of environment and climate change integration is consolidated and supported.

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2.5. GREENING PROJECT AND OFFICE MANAGEMENT

Whilst the EU promotes a green and just transition in its external action, it should also lead by example. Nothing is more convincing when promoting transformational change than practising what we preach. Day-to-day operations, both in EU offices and in EU-funded projects, offer ample opportunities to minimise our environmental and climate footprint, by modifying our energy and water consumption, the way we travel, what we eat and the goods and services we buy. Engaging and raising the awareness of colleagues and implementing partners in green practices can have a multiplier effect, as these practices are incorporated into both EU operations and personal habits. Remember that small acts can have a big impact! These are the reasons underlying the Commission long-standing efforts to improve its environmental performance, notably through the implementation of its Eco Management and Audit Scheme (EMAS) (European Commission, 2022d).[56]

Quick Tips on greening project and office management (Greening Facility, 2021)[57] are available in capacity4dev. The Quick Tips provides concrete tips for the greening of procurement, calls for proposal and tenders, missions, events and meetings, reports and deliverables, and office management, amongst others.

The new Guidelines on organising sustainable meetings and events at the Commission provide concrete guidance on this aspect, including a useful checklist (European Commission, DG for Interpretation, 2024). [58]

More detailed recommendations for the greening of calls for proposals and of procurement are provided in **Annex 10** (CfP) and **Annex 11** (procurement).

European Union | Greening EU COOPERATION
Integrating environment & climate change

GREENING PROJECT AND OFFICE MANAGEMENT

The EU is promoting climate neutrality and environmental sustainability in its external action, in line with the Green Deal ambition, through policy dialogue, programmes, projects and investments. The EU is also committed to lead by example.

Nothing is more convincing when promoting transformational change than practising what we preach. Day-to-Day operations, both in EU offices and in EU-funded projects, offer ample opportunities to minimise our environmental footprint.

Engaging and sensitising colleagues and implementing partners in green practices can have a multiplier effect, as these practices are incorporated into personal habits. Remember that small acts can have a big impact!

These Quick Tips focus on measures to green the operations of entities, management units, public services, and private operators implementing EU cooperation programmes and projects.

Assessing and measuring

- An assessment of the environmental and climate footprint of our operations is an essential starting point: to identify the elements with the greatest negative impacts and to target our efforts. This can be done through an external or internal audit.
- Involving staff in participatory assessments, particularly in the choice and prioritisation of measures and planning, is a key condition to secure everyone's participation in the greening effort.
- It is also important to Integrate greening measures in work plans and measure the impact of our efforts.

Greening project operations

The tips below cover the whole project cycle and can be implemented at any stage.

Buying green

- Define environmental sustainability and circularity criteria for procurement, in order to reduce negative impacts, by promoting circular economy principles, forest product certification, organic products as well as efforts to use low carbon/energy efficiency and design out waste and pollution management. This will keep products and materials in use and support regenerating natural systems. For example:
  - Make sure you clearly communicate to the contractors/implementing partners the intention to apply the circular economy principles - emphasising environmental sustainability and low carbon/climate friendly approaches - and encourage them to include in their offer/proposals options which facilitate waste minimisation, a longer product use and cost-effective material recovery (e.g. 'product as a service' models - leasing instead of buying -, sharing schemes).

PART III.

GUIDANCE AND SUPPORT

PART III. GUIDANCE AND SUPPORT

3.1. OTHER GUIDANCE AND INSPIRATIONAL MATERIAL

Links to guidance documents can be found throughout the different sections of the toolbox. These include sector-specific guidance, such as the Quick Tips documents, that provide concrete and inspirational ideas on how to green the main sectors of EU action, and guidance on key mainstreaming tools (such as SEA, EIA, CRA) or on how to use the Rio markers. Examples of stories or case studies can also inspire future initiatives. These materials have been compiled into an accessible and shareable catalogue of guidance and publications (Greening Facility, 2024a).[59]

Sector-specific greening guidance

Guidance on greening sectors include the **Quick Tips** series (most of which include an annex on activities that qualify for Rio markers) and the **Working with nature** series (with a focus on nature-based solutions).

Agriculture, rural development, food systems, nutrition

- Quick Tips – Integrating the environment and climate change in agriculture and food systems [60]
- Working with nature in agriculture and livestock [61]
- Nutrition Quick Tips Series – Climate change and nutrition [62]

Digitalisation

- Quick Tips – Integrating the environment and climate change in and by digitalisation [63]

Disaster risk reduction

- Quick Tips – Integrating disaster risk reduction, environmental and climate change action [64]
- Working with nature in disaster risk reduction [65]

Education

- Quick Tips – Integrating the environment and climate change in the education sector [66]
- Guidance note on education for the green transition [67]

Energy

- Quick Tips – Integrating the environment and climate change in the energy sector [68]
- Working with nature in the renewable energy sector [69]

Environment, forestry, pollution prevention

- Working with nature [70]
- Working with nature in forestry sector [71]
- Quick Tips – Pollution prevention and control: towards a toxic-free environment [72]

Infrastructure

- Quick Tips – Integrating the environment and climate change in infrastructure projects [73]

Health

- Quick Tips – Integrating the environment and climate change in the health sector [74]

Migration

- Quick Tips – The integration of climate change, environment and biodiversity considerations into migration programmes [75]

Peace and security

- Quick Tips: Integrating Climate and the Environment in EU Peace and Security Action [76]

Private sector development and trade

- Quick Tips – Integrating the environment and climate change in private sector and trade [77]

Public finance management

- Green public finance management – Scope, tools and instruments [78]
- Green budgeting in the context of the Global Gateway [79]
- Green taxation in non-OECD countries [80]

Social protection

- Quick Tips – Integrating climate and the environment in social protection systems [81]
- Thematic Paper – Social protection to address risks related to climate change and the environment [82]

Transport and mobility

- Quick Tips – Green mobility: anchoring environment and climate change in the transport and mobility sector [83]
- Working with nature in the transport sector [84]

Urban development

- Quick Tips - Integrating Environment and Climate Change Ambitions in urban development [85]
- Working with nature in cities: nature-based solutions for urban design and management [86]

Water

- Quick Tips – Integrating the environment and climate change in water resources management [87]
- Working with nature in the water management sector [88]
- Quick Tips – Integrating the environment and climate change in water, sanitation and hygiene [89]

3.2. SUPPORT TO GREENING EU COOPERATION

Support for greening is readily available. If you need further technical assistance on greening a given programme or regarding a particular country or region, the Green Deal Knowledge Hub[90] can provide that support. Colleagues in thematic units in charge of the Green Deal can be contacted and work together in a coordinated way in order to ensure a multi-sector approach is guaranteed. In addition, multiple technical assistance facilities work together with INTPA and NEAR units and offer a range of support services. Support is provided for capacity development, design and formulation of actions, tracking of climate and biodiversity expenditure as well as specific ad hoc requests on any topic.

HORIZONTAL SUPPORT TO GREENING EU COOPERATION

EU Greening Facility

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ANNEXES

TABLE OF CONTENTS

ANNEX 1. GREENING EU COOPERATION TOOLS

OVERVIEW

This Annex describes the main tools available for the integration of environment and climate change in EU cooperation, namely:

- Country Environmental Profile (CEP)
- Environment & climate risk screening
- Strategic Environmental Assessment (SEA)
- Environmental Impact Assessment (EIA)
- Climate Risk Assessment (CRA)
- Environmental Management Plan (EMP)
- Climate Risk Management Plan (CRMP)
- Tool for screening of investment project pipelines
- Rio markers
- Greenhouse gases (GHG) ex-ante accounting (under development)

A short description is provided of each tool, its entry point in the intervention cycle, and the role of staff in EU delegations and HQ. Links are provided to the tools themselves and associated resources.

Country Environmental Profile (CEP) and Regional Environmental Profile (REP)

DEFINITION AND PURPOSE OF A CEP/REP

The EU partnership with third countries and regions should be supported by an assessment of relevant environmental and climate change aspects and their implications for the partnership. Assessments and profiles prepared by national partners, donors or international organisations can be useful to inform EU cooperation programming, as long as they are critically examined in the context of EU cooperation. In the absence of any such relevant up-to-date and comprehensive profile or assessment, a Country Environmental Profile (CEP) or a similar analysis should be prepared.

A CEP is a document that provides an overview and analysis of a country's key environment- and climate-related challenges and opportunities, with key recommendations on how EU cooperation can support the country's transition towards environmentally sustainable, climate resilient and low-carbon development.

The CEP includes an overview of key challenges and opportunities; the country's environmental and climate-related institutional, policy and regulatory framework; past and current EU action supporting environment and climate change, including the mainstreaming of environment and climate in EU cooperation; and recommendations to enhance the environmental and climate performance of EU support and its contribution to the green transition.

The primary aim of a CEP is to inform the greening of the EU's multi-annual programming, flagship initiative, investments and the policy dialogue in a specific country. It can take the form of a Regional Environmental Profile (REP) when it looks at a particular region and informs a regional partnership and Multi-annual Indicative Programme (MIP).

Although the primary aim of a CEP/REP is to inform multi-annual programming, it can be a useful reference document throughout the intervention cycle.

Updates to existing CEPs can be considered as an option. In the case of countries for which there are recent similar analyses prepared by the government or other international organisations, these can be used as a basis to inform multi-annual programming. However, it is always necessary to interpret the existing information and present recommendations to enhance the integration of environment and climate change in EU support.

The CEP is based on available information, the validity and consistency of which should be determined. It is not expected that raw data be collected during the analysis, but where key data are not available, this should be reported. Key sources of information include previous CEPs, existing State of the Environment Reports, national reports to the Rio Conventions [1], UNEP data resources (UNEP, n.d.),[4] World Bank's Country Environmental Analyses (World Bank Group, n.d.-a),[5] and Country Climate and Development Reports. (World Bank Group, n.d.-b).[6] **Annex 5** provides useful sources to understand the environment and climate change context at country level.

The cost and amount of work involved in preparing the CEP/REP will depend on the existence and quality of any previous environmental profiles or other (non-EC) equivalent or similar analyses. In some cases where documents are already available, it might not be necessary to undertake a specific study. It is recommended, however, to analyse/summarise the information from different sources to make it more accessible to programme officers and to provide recommendations tailored to EU action in the country.

1 UNFCCC Reports (n.d.);[1] CBD National Reports (n.d.);[2] UNCCD Country profiles (n.d.).[3]

Disaster risk profiles

A country's disaster risk profile typically includes an estimation of the potential impacts caused by adverse natural hazards. Disaster risk profiles may also highlight the climate-related hazards and their impacts on different sectors such as water, agriculture, coastal areas, livelihoods, and food security, and their effects on vulnerable groups.

A single index for vulnerability

The Multidimensional Vulnerability Index (MVI) developed by the UN intends to capture the elements of structural vulnerability, through three main perspectives: economic, environmental, and social (United Nations, 2022)[7].

WHEN IS A CEP/REP REQUIRED?

In the absence of a comprehensive and up-to-date profile or assessment that covers the information and analysis needed for an adequate integration of environment and climate change in programming, a CEP or an REP should be prepared during multi-annual programming, on time to inform the focus and contents of the country/region multi-annual indicative programme (MIP).

WHO PREPARES THE CEP, WHAT IS THE ROLE OF THE COMMISSION/DELEGATION STAFF?

The CEP/REP can be prepared in-house if the expertise and time are available. In most cases it would be prepared by a small team of consultants (1-3 experts), depending on the scope of the CEP/REP.

WHAT GUIDANCE AND SUPPORT MATERIAL ARE AVAILABLE?

The existing CEPs and REPs can be found in capacity4dev:

Library of Country Environmental Profiles (European Commission, DG INTPA, n.d.-a)[8]

Library of Regional Environmental Profiles (European Commission, DG INTPA, n.d.-b)[9]

Model ToR for a CEP can be found in **Annex 3**.

Support can be obtained from the Greening Facility:

- INTPA-GREENING-FACILITY@ec.europa.eu
- ENEST-GREENING-FACILITY@ec.europa.eu
- MENA-GREENING-FACILITY@ec.europa.eu

Environment & climate risk screening

DEFINITION AND PURPOSE OF THE ENVIRONMENT & CLIMATE RISK SCREENING

The NDICI-Global Europe Regulation (Article 25.5) establishes that environmental screening, including for climate change and biodiversity impacts shall be undertaken at the level of actions, in accordance with applicable legislation and including the EU EIA Directive. It is also stipulated that, where relevant, Strategic Environmental Assessments, including the impact on climate change, shall be used in the implementation of sectoral programmes. The Global Gateway Joint Communication stipulates that 'projects will live up to the European Green Deal oath to "do no harm" and ensure the use of Environmental Impact Assessments and Strategic Environmental Assessments' (European Commission & High Representative of the Union for Foreign Affairs and Security Policy, 2021).[10]

The common interpretation of the purpose of the environment & climate risk screening is to determine if a given action is likely to have significant adverse impacts on the environment or is at significant risk from climate change, and therefore whether a Strategic Environmental Assessment (SEA), an Environmental Impact Assessment (EIA), and/or a Climate Risk Assessment (CRA) should be prepared.

Yet the EIA directive does not specify an impact as being negative or positive. The analysis and reflection triggered by the screening questionnaires does not only allow environmental and climate risks to be identified but also opportunities that can be seized in the design of the action, regardless of whether an SEA, an EIA or a CRA are required. The screening process thus can also be used to apply the 'green lens' approach and look at ways to 'do good' to the environment and climate.

The screening consists of three parts:

- Part A: Screening for Strategic Environmental Assessment (SEA)
- Part B: Screening for Environmental Impact Assessment (EIA)
- Part C: Screening for Climate Risk Assessment (CRA)

WHEN IS THE ENVIRONMENT & CLIMATE RISK SCREENING REQUIRED?

The formal screening should be performed as soon as there is a clear idea of the objectives and scope of the action that is promoted. In the case of DG INTPA, this information is normally available at the time when the SSC Fiche is prepared. In the case of DG ENEST and DG MENA, the necessary insight into the action may be available at the identification phase (i.e. ahead of Quality Review 1 - QR1). At the very latest, the screening should be undertaken during formulation. If an SEA, EIA and/or CRA are required, it is necessary to allocate sufficient resources and time for their preparation. Thus, the earliest the screening is done, the better.

Screening for greening opportunities can best be done at the earliest stage of identification as it may influence objectives and scope of an action; better if such screening already starts at the level of a policy dialogue.

IS THE ENVIRONMENT & CLIMATE RISK SCREENING REQUIRED IN THE CASE OF BLENDED FINANCE AND GUARANTEES?

In the case of blending and budgetary guarantees, it is the screening procedure of the lead financial institution (LFI) that is applicable. Nevertheless, it is good practice to check whether those projects would require an EIA and/or CRA based on the INTPA/ENEST/MENA screening and, if there are significant environmental and/or climate risks involved, ensure that the LFI will apply the relevant tools and measures.

WHO PREPARES THE ENVIRONMENT & CLIMATE RISK SCREENING?

A basic understanding of the environmental and climate change context for the project's location and area of influence is necessary, including the relevant environmental and climate change objectives. **Annex 5** on Sources to understand the environment and climate change context can be useful to this effect.

If the action offers very few or indirect links to environment and climate (e.g. support to electoral processes), the screening can be done in-house and with the support of the delegation's green focal point.

For other actions, it is recommended to undertake the screening in a participatory manner, for example, expert advice (e.g. consultants engaged in identification, delegation green focal point) supplemented by a focused workshop with key stakeholders. Such a screening will be useful not only to determine the need for an SEA, EIA and/or CRA, but also to start defining the scope of any analyses required and to identify greening opportunities that go beyond formal assessment requirements but may significantly contribute to reaching EU goals and targets.

Since virtually all countries have EIA regulations, the screening procedure of the national EIA system should preferably be followed, making sure that it is compliant with the minimum requirements defined under the EIA Directive. Take note that climate risk screening is not yet regularly included in national EIA systems. In case of capacity issues with the implementation of national EIA regulations, consider a capacity development component under a relevant support programme.

REPORTING ON THE SCREENING RESULTS

If the screening was undertaken at the identification phase (SSC Fiche in the case of INTPA), its findings should be indicated in the SSC fiche (INTPA) or the action document for QR1 (ENEST/MENA), as well as in the mainstreaming annex to the action document. These should include an indication as to whether an SEA, EIA and/or CRA are required, and the rationale for the decision.

In any case, the results of the screening must be indicated in the formulation of the action document through the CCT/RCT/TCT/QRM (INTPA) or going to QR2 (ENEST/MENA).

WHAT GUIDANCE AND SUPPORT MATERIAL ARE AVAILABLE?

The screening procedure can be found in **Annex 4**.

Support in relation to the application of the environment & climate risk screening can be obtained from the Greening Facility:

- INTPA-GREENING-FACILITY@ec.europa.eu
- ENEST-GREENING-FACILITY@ec.europa.eu
- MENA-GREENING-FACILITY@ec.europa.eu

Strategic Environmental Assessment (SEA)

DEFINITION AND PURPOSE OF AN SEA

Strategic Environmental Assessment (SEA) is a tool that informs the integration of environment in strategic planning processes, namely the preparation of policies[2], plans and programmes. It is a flexible tool that can be used in different contexts, and thus careful consideration should be given to tailor the ToR for each SEA to maximise its added value.

WHEN IS AN SEA REQUIRED?

SEA can be applied in two different situations. The first situation is provided by the increasing number of countries including SEA in their national environmental assessment system. This can be followed when providing support at strategic level for environmentally sensitive sectors, possibly supported by capacity development. The second situation is when SEA is applied by INTPA, ENEST, MENA, and EU delegations to inform their own strategic planning processes on environmental and climate aspects and to look at greening opportunities at an early planning stage.

The NDICI-GE Regulation (Art. 25.5) indicates that, where relevant, Strategic Environmental Assessments, including the impact on climate change, shall be used in the implementation of sectoral programmes.

The need for an SEA is determined by the application of the Environment & Climate Risk Screening (Part A: Strategic Environmental Assessment). An SEA may be required for the following types of actions in an environmentally sensitive sector[3]:

1. when support is provided to **policy-making or strategic planning**: nationally owned SEA prepared with EU assistance;
2. when considering **budget support**;
3. when the action is providing strategic level support[4] or is supporting the implementation of a large part of the national sector strategy;
4. when the support includes the preparation or revision of a sector-wide strategic or planning document in an environmentally sensitive sector;
5. in any other sector, for budget support programmes that will be supporting sector strategies likely to result in significant adverse impacts on the environment, including climate, or whose effectiveness and sustainability may be significantly affected by adverse environmental trends including climate change, as determined by the SEA screening questionnaire.

Apart from regulatory requirements, it must be emphasised that (voluntary) SEA can be an effective tool to guide strategic planning towards planning for sustainability in environmentally sensitive sectors, following environmental, biodiversity, climate and circular economy objectives and creating additional benefits beyond sector horizons.

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2 The SEA Directive does not apply to policies, but good practice promotes the application of SEA at this level.

3 Environmentally sensitive sectors include: agriculture; energy; fisheries; forestry; industry; private sector development; telecommunications; tourism; town and country planning or land use; transport; waste management; and water management.

4 Support is considered to be at a strategic level if (i) support is provided to the development/revision of the sector's policy, regulatory and/or institutional framework, and/or (ii) foresees the implementation (or sets the framework for the implementation of) multiple projects that may have significant cumulative impacts on the environment (e.g. multiple infrastructure projects, projects requiring execution of construction works or multiple projects that require land use change or intensive use of natural resources).

WHEN TO PREPARE THE SEA?

In the cases where INTPA, ENEST, MENA, or delegation initiates the SEA process, the SEA should ideally be prepared ahead of finalising the formulation of the action, as one of its main purposes is to inform the design of the EU support programme / action. Often sufficient elements are already available for a meaningful SEA screening at the programming phase, and thus an earlier SEA can be envisaged.

However, in some cases it may not be possible to complete an SEA in time to inform formulation. In this case the SEA should nevertheless be prepared as early as possible to maximise opportunities to influence the design of the action and the policy dialogue related to the greening of the sector concerned.

In the case of point 3 above (i.e. when the action will support the preparation or revision of a sector strategy or planning document in an environmentally sensitive sector), the SEA is prepared as part of implementation.

WHO PREPARES THE SEA, WHAT IS THE ROLE OF THE COMMISSION/DELEGATION STAFF?

An SEA is normally prepared by a team of consultants with expertise in SEA and the environment and climate change aspects related to the sector in question.

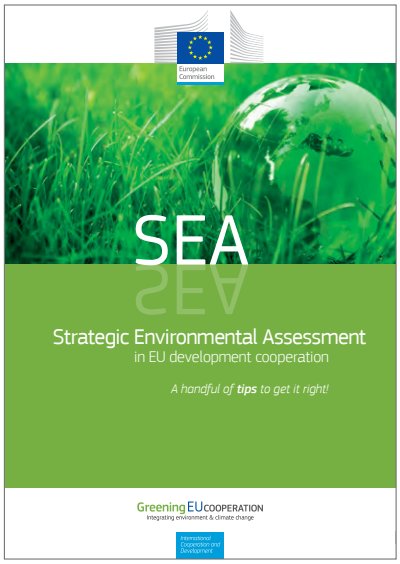
An SEA should be coordinated with the partner government and other development partners active in the sector; government ownership of the process is fundamental. The SEA can thus be financed either by the EU delegation or by a partner organisation.

The EU delegation and/or staff in Commission HQ are responsible for completing the SEA screening and ensuring the quality of the ToR and the SEA deliverables (mainly, the scoping report and the SEA report). Support is available from HQ for these tasks, if necessary.

If the SEA is promoted and led by the partner government and exclusively aims to inform a national sectoral planning process (as required by national SEA legislation or under recommendation from the EU delegation), the EU may support its implementation. The role of the EU delegation will be to verify the quality of the ToR and follow-up on its results through policy dialogue or otherwise.

Once the SEA is completed, the EU delegation must carefully analyse its findings and discuss them with development partners and the partner government. Some recommendations will be integrated in the design of the EU's sector support programme/action, and others will be discussed with the partner government through the policy dialogue.

WHAT GUIDANCE AND SUPPORT MATERIAL ARE AVAILABLE?



Model ToR for an SEA are available in **Annex 6**. The ToR must be tailored to the specific context in which the SEA will take place.

The SEA booklet 'Strategic Environmental Assessment in EU development Cooperation. A handful of tips to get it right!' provides practical advice to EU delegations in the preparation and management of an SEA process (European Commission, DG INTPA, 2017).[11]

A compilation of SEAs in the context of EU cooperation can be found in capacity4dev (European Commission, DG INTPA, n.d.-c).[12]

Support in relation to SEA can be obtained from the Greening Facility:

- INTPA-GREENING-FACILITY@ec.europa.eu
- ENEST-GREENING-FACILITY@ec.europa.eu
- MENA-GREENING-FACILITY@ec.europa.eu

Environmental Impact Assessment (EIA)

DEFINITION AND PURPOSE OF AN EIA

Environmental Impact Assessment (EIA) is a tool that examines a project's potential impacts on the environment and health, as well as its vulnerability to climate change, with the purpose of informing the development consent process. Based on the findings of the EIA, a project may be rejected, approved, or approved subject to the implementation of impact mitigation measures. Carrying out an EIA is often a legal obligation and a requirement to obtain development consent from the national competent authority.

The EIA report should be accompanied by an Environmental Management Plan (EMP) defining the details for the implementation of the impact mitigation measures and their monitoring.

It may be decided for the EIA to also cover social impacts. Most IFIs nowadays use Environmental and Social Impact Assessment (ESIA), accompanied by an Environmental and Social Monitoring Plan (ESMP), which also cover social aspects like human rights, labour rights and the impacts and risks for local communities.

WHEN IS AN EIA REQUIRED?

Article 25.5 of the NDICI-Global Europe Regulation requires an Environmental Impact Assessment (EIA) in accordance with the EU's EIA Directive, as determined by the environmental screening process. An EIA is required for all projects with potential significant impacts on environment and health. The need for an EIA is determined by the application of the Environment & Climate Risk Screening (Part B: Environmental Impact Assessment).

Beyond the requirement to do no harm, it is strongly advisable to also look at potential environmental and climate benefits, for example by defining a greening alternative and studying its comparable costs and benefits compared to the 'regular' alternative(s).

WHEN TO PREPARE THE EIA?

If required, an EIA must be carried out before the development consent is issued by the competent authorities for a given project. The development consent must take account of the EIA conclusions and environmental conditions and measures to avoid, prevent or reduce and, if possible, offset significant adverse effects on the environment, enhance potential positive effects as well as, where appropriate, monitoring measures.

In this context, it must be emphasised that the conclusions of the EIA may imply major changes to the design of the project or of the way it will be executed. It may even lead to a decision to cease the project preparation should the results of the EIA are such that the decision-making authority considers that the expected impacts are unacceptable.

WHO PREPARES THE EIA, WHAT IS THE ROLE OF THE COMMISSION/DELEGATION STAFF?

An EIA is a technical study that informs decision making in a transparent manner, including meaningful opportunities for public participation. It normally covers several disciplines, depending on the type of project. Most countries have EIA regulations and these should be followed, ensuring compliance with the minimum requirements set out in the EU EIA Directive.

If an EIA is required, EU delegations or environment thematic units in Brussels are responsible for:

- guaranteeing the quality of the EIA ToR;
- ensuring the EIA has been conducted in accordance with the minimum requirements established in the EIA Directive;
- reviewing the quality of the deliverables, including the Environmental Management Plan (EMP). If necessary, an external assessment of the quality of the EIA should be facilitated and/or supported;

- if the EIA raises serious environmental concerns, ensuring that these considerations are taken into account in the eventual reformulation or withdrawal of EU funding for the project;
- ensuring that the impact mitigation and monitoring measures determined as conditions for development consent by the competent authority are reflected in the final project design and in the contractual documents and provisions of the components supported by the EU. Additional measures and monitoring provisions indicated in the EMP that will enhance the environmental and climate performance of the project, can also be included as a condition for EU support.

In the case of **EIAs required in the context of investment projects**, preparation and follow-up of the EIA is the responsibility of the lead financial institution. However, the Commission/EU delegation should verify the quality of the ToR and of the EIA report, and that the agreed EMP is reflected in the relevant contractual documents. In particularly sensitive cases, it is also advisable to review the monitoring reports and ensure corrective action is taken whenever unexpected trends or impacts on environmental or climate variables are identified.

WHAT ARE THE MINIMUM REQUIREMENTS FOR AN EIA?

The EIA process and the contents of the EIA report need to comply with the requirements set out in the EU EIA Directive[5]. The scope of the EIA can be extended to also include social impacts.

Key requirements of an EIA

- The EIA must identify, describe and assess direct and indirect effects of a project on: (a) population and human health; (b) biodiversity; (c) land, soil, water, air and climate; (d) material assets, cultural heritage and the landscape; and (e) the interactions between the factors indicated above. It should also include the expected effects deriving from the vulnerability of the project to risks of major accidents and/or disasters that are relevant to the project.
- The minimum contents of an EIA report are specified in Art. 5 of the EIA Directive and include, inter alia: (i) a description of the measures envisaged to avoid, prevent or reduce and, if possible, offset likely significant adverse effects on the environment; (ii) a description of the reasonable alternatives studied by the developer; (iii) a non-technical summary. Annex IV of the Directive includes a broader list of aspects that should be considered in the EIA report, of which we highlight: (i) a baseline scenario; (ii) climate vulnerability of the project; (iii) addressing direct, indirect, secondary, cumulative, transboundary, short-term, medium-term and long term, permanent and temporary, positive and negative effects of the project.
- Transparency and public participation are key elements of the EIA process, which must conform to the Aarhus Convention on access to information, public participation in decision-making and access to justice in environmental matters (UNECE, 1998).[13] Meaningful opportunities for public participation should be offered and all key documentation must be publicly available. If the project is likely to have adverse impacts on a neighbouring country, consultations must be foreseen.

WHAT GUIDANCE AND SUPPORT MATERIAL ARE AVAILABLE?

Model ToR for an EIA are available in **Annex 7**. The ToR must be tailored to the specific context.

Guidance on EIA is available from DG ENV, including on scoping, on the EIA report, on large-scale transboundary projects, on integrating climate change and biodiversity in EIA, etc. (European Commission, DG ENV, n.d.-b).[14]

Support in relation to EIA can be obtained from the Greening Facility:

- INTPA-GREENING-FACILITY@ec.europa.eu
- ENEST-GREENING-FACILITY@ec.europa.eu
- MENA-GREENING-FACILITY@ec.europa.eu

5 Directive 2011/92/EU as amended by 2014/52/EU.

Climate Risk Assessment (CRA)

DEFINITION AND PURPOSE OF A CRA

A Climate Risk Assessment (CRA) is an ex-ante assessment of a project to examine its climate risks in terms of project exposure, potential climate impacts and risk mitigation capacity. Based on the CRA, a Climate Risk Management Plan (CRMP) is prepared to ensure that risk mitigation measures get implemented and provides the elements to monitor key climate risk variables. In many cases, it is possible to carry out a simplified CRA, which is based on rapid screening using available evidence.

The CRA results in recommendations concerning measures to reduce a variety of climate-related risks and optimise opportunities for ensuring that a project contributes to environmental, social and economic sustainability in the face of climate change, including ensuring a climate conflict sensitive approach in the case of fragile contexts.

The EU EIA Directive foresees the possibility than an EIA also assesses the project's vulnerability to climate change. In this sense, the elements of a Climate Risk Assessment (CRA) can be incorporated into an EIA, including a CRMP as part of an Environmental Management Plan.

WHEN IS A CRA REQUIRED?

The need for a CRA is determined by the application of the Environment & Climate Risk Screening (Part C: Climate Risk Assessment).

WHEN TO PREPARE THE CRA?

When needed, a CRA should be launched before a final decision on the action has been taken since project design may need to be adapted to climate risks or opportunities.

Typically, a CRA includes the following components: (i) screening; (ii) scoping; (iii) identification of potential climate risks to the project; (iv) identification of potential risks of the project increasing climate vulnerability of human populations and natural systems; (v) CRA report; (vii) preparation of a Climate Risk Management Plan (CRMP). Public participation should be integrated throughout the process.

WHO PREPARES THE CRA, WHAT IS THE ROLE OF THE COMMISSION/DELEGATION STAFF?

A CRA is a technical study that is normally prepared by technical experts. CRA can be prepared as a stand-alone analysis or incorporated in the scope of an EIA (if an EIA is required). The CRA is used by the EU staff to help determine the feasibility of a project on climate risk grounds. It is especially useful for the project proponent to improve climate resilience and maximise opportunities for the project to contribute to low carbon development.

If a CRA is required, EU delegations or thematic units in Brussels are responsible for:

- coordination with the relevant climate authority in the partner country;
- guarantee the quality of the ToR;
- reviewing the quality of the deliverables, including the Climate Risk Management Plan (CRMP);
- if the CRA raises serious climate concerns, ensuring these considerations are taken into account in the eventual reformulation or withdrawal of the project;
- ensuring the CRMP is reflected in the contractual documents and provisions;
- ensuring monitoring of CRMP implementation over the period of EU support.

WHAT GUIDANCE AND SUPPORT MATERIAL ARE AVAILABLE?

Model ToR for a CRA are available in **Annex 8**. The ToR must be tailored to the specific context.

Support in relation to CRA can be obtained from the Greening Facility:

- INTPA-GREENING-FACILITY@ec.europa.eu
- ENEST-GREENING-FACILITY@ec.europa.eu
- MENA-GREENING-FACILITY@ec.europa.eu

Environmental Management Plan (EMP)

DEFINITION AND PURPOSE OF AN EMP

An EMP can one of the products of an EIA; although not a legal obligation, it should be promoted as good practice. It defines how impact mitigation measures to avoid, minimise, restore or compensate for environmental damage are to be implemented and monitored for a given project. The EMP must be reflected in the contractual documents. An EMP can also take the form of an Environmental and Social Management Plan (ESMP) in cases where social impacts are included.

WHEN IS AN EMP REQUIRED?

Whenever an EIA is required, an EMP should be prepared as one of the deliverables.

WHO PREPARES THE EMP, WHAT IS THE ROLE OF THE COMMISSION/DELEGATION STAFF?

The EMP is prepared by the consultants preparing the EIA. However, the Commission/delegation should ensure that the impact mitigation and monitoring measures determined as conditions for development consent by the competent authority are reflected in the final project design and in the contractual documents and provisions of the components supported by the EU. Additional measures and monitoring provisions indicated in the EMP that will enhance the environmental and climate performance of the project can also be included as a condition for EU support.

WHAT GUIDANCE AND SUPPORT MATERIAL ARE AVAILABLE?

Support in relation to an EMP can be obtained from the Greening Facility:

- INTPA-GREENING-FACILITY@ec.europa.eu
- ENEST-GREENING-FACILITY@ec.europa.eu
- MENA-GREENING-FACILITY@ec.europa.eu

Climate Risk Management Plan (CRMP)

DEFINITION AND PURPOSE OF A CRMP

A CRMP is one of the products of a CRA. It defines how climate risk reduction and risk management measures are to be implemented and monitored in a given project. The CRMP must be reflected in the contractual documents.

WHEN IS A CRMP REQUIRED?

Whenever a CRA is required, a CRMP must be prepared as one of the deliverables. Keep in mind that the Climate Risk Assessment can be integrated as part of an EIA, in which case the CRMP can be an integral component of the EIA's EMP.

WHO PREPARES THE CRMP, WHAT IS THE ROLE OF THE COMMISSION/DELEGATION STAFF?

The CRMP is prepared by the consultants preparing the CRA (or the EIA if climate risks are included in the scope of an EIA). However, the Commission/delegation should ensure that the CRMP is correctly reflected in the contractual documents for the project components supported by the EU.

WHAT GUIDANCE AND SUPPORT MATERIAL ARE AVAILABLE?

Support in relation to a CRMP can be obtained from the Greening Facility:

- INTPA-GREENING-FACILITY@ec.europa.eu
- ENEST-GREENING-FACILITY@ec.europa.eu
- MENA-GREENING-FACILITY@ec.europa.eu

Screening of project investment pipelines

PURPOSE OF THE SCREENING TOOL

The tool for the screening of investment project pipelines helps appraise projects according to their potential to make positive contributions to environmental sustainability, climate resilience and low-carbon development, as well as according to their environmental and climate risks.

The tool is based on a traffic light system and helps classify activities under the following categories:

- **Positive and/or low environmental risk projects.** These projects are expected to make positive contributions to environmental sustainability, low-carbon development and/or climate resilience. Notwithstanding, some considerations may need to be addressed to ensure adherence to the 'do no harm' principle.
- **Caution. Projects with significant risk that requires further examination.** These projects can make significant positive contributions to environmental sustainability, low carbon development and/or climate resilience. However, they may also present significant risks to the climate or the environment, and thus require careful consideration before committing to support them.
- **No-go / high risk projects.** These projects are either excluded from support based on Article 29 of the NDICI-GE Regulation, or present very high risks to the climate or the environment. These projects should not be supported, on environment and climate sustainability grounds.

The use of the screening tool helps identify areas of concern that should be discussed with the national partners and financial institutions in deciding EU support and the form under which this support will be provided.

WHEN SHOULD THE SCREENING TOOL BE USED?

The screening of investment project pipelines can be done on a regular basis when the pipelines are prepared and updated (e.g. in the context of pipeline development and regular pipeline review meetings between geographic units and financial institutions). In any case it should be applied ahead of any major decisions by the EU to support particular investment projects and on the form this support will take.

WHO APPLIES THE TOOL AND HOW ARE ITS FINDINGS USED?

The screening should be applied by staff from the Commission and EU delegations.

Its findings should be discussed internally to inform early decision-making processes in the context of blended finance and guarantees. Relevant questions on the environmental and climate risks and opportunities of the projects that result from applying the tool should be raised with national partners and/or relevant financial institutions before deciding on EU support.

WHAT GUIDANCE AND SUPPORT MATERIAL ARE AVAILABLE?

The screening of investment project pipelines tool can be found in **Annex 13**.

Support in relation to the screening of project pipelines can be obtained from the Greening Facility:

- INTPA-GREENING-FACILITY@ec.europa.eu
- ENEST-GREENING-FACILITY@ec.europa.eu
- MENA-GREENING-FACILITY@ec.europa.eu

Rio markers

PURPOSE OF THE RIO MARKERS

The Rio markers identify activities that target the implementation of the Rio conventions (i.e. the UN Framework Convention on Climate Change, the UN Convention on Biological Diversity and the UN Convention to Combat Desertification). They form part of the overall OECD statistical system that monitors official development finance.

There are four Rio markers related to biodiversity, combating desertification, climate change mitigation and climate change adaptation.

The Rio markers are also used by the Commission to measure and track financial contributions to the different Rio themes as well as to the EU's spending targets on climate change and biodiversity. Coefficients are applied to translate the Rio marker scores to financial contributions.

WHEN SHOULD THE RIO MARKERS BE USED?

The Rio markers are scored in the action documents and indicated in the DAC forms at the levels of commitments and contracts.

Rio markers are also applied by financial institutions to investment projects, as reflected in the blending applications.

WHO APPLIES THE RIO MARKERS?

The Rio markers have to be applied by programme officers at the level of commitments and contracts, using the DAC form.

WHAT GUIDANCE AND SUPPORT MATERIAL ARE AVAILABLE?

Further details and guidance on the use of the Rio markers can be found in **Annex 2**.

Ex ante greenhouse gases (GHG) accounting to estimate emissions from EU external projects

DEFINITION AND PURPOSE OF THE GHG EX ANTE ACCOUNTING

The ex ante GHG accounting is a standardised approach for HQ and EU delegations to quantify GHG emissions and reductions associated with EU external actions.

The results can be easily integrated into the project cycle, especially during grant contract implementation. EU staff will be able to perform the accounting exercise without requiring extensive GHG accounting experience.

Its purpose is threefold: (1) to help verify if an action aligns with climate policies like the NDICI Regulation, Paris Agreement, and EU taxonomy, (2) to indicate its contribution to climate mitigation as per OECD Rio marker standards (see **Annex 2**), and (3) to provide recommendations for reducing the expected impact of projects emitting GHG or enhancing their positive impact to reducing GHG emissions.

WHEN IS THE EX-ANTE GHG ACCOUNTING TOOL REQUIRED?

The tool should be applied on all actions to screen for the possibility of high emission changes (increase or reduction).

An easy-to-fill-out questionnaire assists EU delegations and HQ in this screening process and is completed by a GHG calculator for estimation purposes.

WHEN TO APPLY THE EX ANTE GHG ACCOUNTING?

The ex ante GHG accounting methodology involves a screening exercise to determine if actions should undergo ex ante GHG accounting. This can be applied during the action's identification phase or during early formulation. For actions that pass the screening, a quantified assessment of GHG emissions must be conducted at the formulation stage. Adequate resources and time must be allocated for this preparation, as conducting the assessment as early as possible yields the best results.

WHO APPLIES THE EX ANTE GHG ACCOUNTING? WHAT IS THE ROLE OF THE COMMISSION/DELEGATION STAFF?

The ex ante GHG accounting is intended to be performed in-house, by the EU Delegation staff. On request, support from HQ, INTPA/ENEST/MENA facilities, and/or consultants may be provided.

WHAT GUIDANCE AND SUPPORT MATERIAL ARE AVAILABLE?

Guidance and support material is currently under development.

ANNEX 2. AID TO ENVIRONMENT, DRR AND RIO MARKERS

All action documents need to indicate if they target certain themes, which are reflected in policy makers, Rio markers and internal markers aiming at identifying and tracking financial contributions to specific themes.

This annex is concerned with the **aid to environment and the Disaster Risk Reduction (DRR) policy markers, as well as with the four Rio markers (biodiversity, combating desertification, climate change mitigation and climate change adaptation).**

These markers are defined by the OECD DAC, which has developed guidelines for their application, including eligibility criteria. The Commission strives to strictly follow the DAC methodology.

Possible marker scores

Each marker can have one of three possible values:

- Principal objective (marker score 2)
- Significant objective (marker score 1)
- Not targeted (marker score 0)

An objective (e.g. climate change mitigation, biodiversity) is considered **'principal'** when it is explicitly stated as fundamental in the design of, or the motivation for, the action. Promoting the objective will thus be stated in the documentation to be one of the principal reasons for undertaking the action. In other words, the action would not have been funded (or designed that way) but for that objective.

An objective can be considered as **'significant'** when it is explicitly stated but is not a fundamental driver or motivation for undertaking and designing the action. The action has other prime objectives and has been formulated or adjusted to help meet the relevant environmental concerns.

The score **not targeted** means that the action is not contributing specifically to the policy or Rio objective.

Notice that the methodology is **purpose-based**, i.e. activities are marked according to their stated objectives and purpose and not primarily in relation to their impacts, outcomes or possible side-effects. **Explicit intent** to target the policy or Rio theme is necessary to justify a marker score of 'principal' or 'significant' objective.

It is important that the relation between the activity and the objective (e.g. climate change adaptation) is clearly communicated and made explicit, especially when a principal objective score is claimed.

As well, **activities arising from a national action plan linked to a Rio Convention** (e.g. Nationally Determined Contributions under the Paris Agreement, National Biodiversity Strategy and Action Plan) can automatically qualify as principal objective, as the Conventions provide the motivation for the design of the activity.

It is possible that an action targets more than one policy or Rio theme and thus qualifies for more than one Rio marker.

Further details on the scoring system can be found in the OECD DAC Converged Statistical Reporting Directives for the Creditor Reporting System (CRS) and the Annual DAC Questionnaire; Annexes – modules D and E. This document presents the definitions and eligibility criteria for policy and Rio markers (OECD-DAC, 2025a).[15]

Field of application and exceptions

Rio markers are applicable to all bilateral ODA and non-export credit (OOF), excluding:

- general budget support (type of aid A01)
- imputed student costs (E02)
- debt relief (F01), except debt swaps
- administrative costs (G01)
- development awareness (H01)
- refugees in donor countries (H02)

Multilateral contributions (B02) should not be marked with Rio markers individually by DAC members. Instead, international organisations report on the actual allocation of their funds ('multilateral outflows') and apply Rio markers to these outflows.

Consistency between marker scores, type of aid, targeted SDGs and DAC purpose codes

CONSISTENCY BETWEEN TYPE OF AID AND TARGETED SDGS

As indicated in the 'field of application' section above, general budget support (type of aid A01) cannot be Rio marked. However, some general budget support actions do target explicitly climate change or biodiversity; in these cases, the contributions are tracked and reported internally in the European Commission based on the targeted SDGs. Thus, if a general budget support (or A01) action targets SDG13 as 'principal', 100 % of the action's budget will be accounted as contributing to the climate target, and 40 % of SDG13 is targeted as 'significant'. The same applies to the biodiversity target based on whether the action targets SDGs 14 or 15.

For this reason, it is necessary to check the SDGs targeted by a general budget support action, and make sure that SDGs 13, 14 and 15 are selected based on the eligibility criteria for the climate and biodiversity markers.

CONSISTENCY BETWEEN THE MARKERS AND THE CRS PURPOSE CODES

As per the CRS Reporting Checklist (DCD/ DAC/STAT(2024)11/REV2), consistency between markers and CRS purpose codes should be achieved according to the following principles (OECD-DAC, 2025b).[16]

- An action that targets any of the General Environment Protection purpose codes (i.e. 410xx) must indicate Aid to Environment as a principal objective, irrespective of the percentage of the action that targets the 410xx code. Therefore, if the percentage of the action's budget that targets the purpose code in question is low, it is suggested to delete the reference to that purpose code. On the contrary, if the percentage is high, it should be considered whether it makes sense to indicate the Aid to Environment marker as 'principal objective'.
- An action that targets purpose code 43060 (Disaster Risk Reduction) or 74020 (multi-hazard response preparedness) must indicate DRR as principal objective. Thus, any action that does not target DRR as a principal objective should not indicate purpose codes 43060 or 74020.
- An action that targets purpose code 41030 (Biodiversity) must indicate the biodiversity marker as principal objective. Thus, any action that does not target biodiversity as a principal objective should not indicate purpose code 41030.

CONSISTENCY BETWEEN THE AID TO ENVIRONMENT MARKER AND THE RIO MARKERS

The Aid to Environment marker score cannot be lower than the highest Rio marker, although this is not automatic for Climate Change Adaptation. For example, if an action has Biodiversity as 'significant objective', then Aid to Environment cannot be indicated as 'not targeted'.

Definitions and eligibility criteria

AID TO ENVIRONMENT

An activity should be classified as environment-oriented (score principal or significative) if:

a) It is intended to produce an improvement, or something that is diagnosed as an improvement, in the physical and/or biological environment of the recipient country, area or target group concerned; or

b) It includes specific action to integrate environmental concerns with a range of development objectives through institution building and/or capacity development.

Eligibility criteria:

a) The objective is explicitly promoted in activity documentation; **and**

b) The activity contains specific measures to protect or enhance the physical and/or biological environment it affects, or to remedy existing environmental damage; **or**

c) The activity contains specific measures to develop or strengthen environmental policies, legislation and administration or other organisations responsible for environmental protection.

DISASTER RISK REDUCTION

An activity should be marked as DRR-related (score principal or significant) if:

It promotes the goal and global targets of the Sendai Framework to achieve substantial reduction of disaster risks and losses in lives, livelihoods and health and in the economic, physical, social, cultural and environmental assets of persons, businesses, communities and countries.

Eligibility criteria:

The activity contributes to:

a) The prevention of new disaster risk, and/or

b) The reduction of existing disaster risk, and/or

c) The strengthening of resilience

through the implementation of integrated and inclusive economic, structural, legal, social, health, cultural, educational, environmental, technological, political and institutional measures that prevent and reduce hazard exposure and vulnerability to disaster, and increase preparedness for response and recovery with the explicit purpose of increasing human security, well-being, quality of life, resilience, and sustainable development.

The activity will score 'principal objective' if it directly and explicitly contributes to at least one of the four priorities for action of the Sendai Framework:

- **Priority 1:** Understanding disaster risk
- **Priority 2:** strengthening disaster risk governance to manage disaster risk
- **Priority 3:** Investing in disaster risk reduction for resilience
- **Priority 4:** Enhancing disaster preparedness for effective response and to 'Build Back Better' in recovery, rehabilitation and reconstruction.

BIODIVERSITY

An activity should be marked as biodiversity related (score principal or significant) if:

It contributes to at least one of the three objectives of the Convention on Biological Diversity: the conservation of biodiversity, sustainable use of its components (ecosystems, species or genetic resources), and/or fair and equitable sharing of the benefits of the utilisation of genetic resources.

This encompasses activities that contribute to the goals and targets of the Kunming-Montreal Global Biodiversity Framework.

Eligibility criteria:

The activity documentation explicitly mentions specific measures that contribute to:

a) conservation or enhancement of ecosystems, species or genetic resources, and/or enhancement of the sustainability of their use, and/or their restoration, and/or measures that maintain, restore, and/or enhance ecological integrity, ecosystem functions and services, and ecosystem connectivity, including through measures such as pollution reduction; **or**

b) integration of biodiversity and its multiple values (e.g. ecosystem services) within recipient countries' development objectives, economic and sectoral regulations, planning and decision making processes (including poverty eradication strategies, national development plans and sectoral plans and strategies, strategic environmental assessments, environmental impact assessments, and budgeting and national accounting), within and across all levels of government, through measures such as institution building, capacity development, technical assistance, statistical activities, strengthening the regulatory and policy frameworks, scientific research and collaboration, innovation and technology access, development and transfer, knowledge management and stakeholder engagement, awareness raising and education; **or**

c) elimination, phasing out or reform of incentives, including subsidies, harmful to biodiversity, and scaling up of positive incentives for the conservation and sustainable use of biodiversity; **or**

d) maintenance, sustainable management and restoration of genetic diversity of seeds, cultivated plants, and farmed and domesticated animals, including native fish stocks or native wild species of living organisms, through the application of biodiversity-friendly practices, and ensuring social, economic and environmental benefits for people; **or**

e) promotion of fair and equitable sharing of benefits that arise from the utilisation of genetic resources, and from digital sequence information on genetic resources, where appropriate, as well as traditional knowledge associated with genetic resources, as applicable, including by facilitating appropriate access to genetic resources; or establishing, strengthening capacity building for, and implementing biosafety measures, and measures for the handling of biotechnology and distribution of its benefits, as internationally agreed; **or**

f) developing countries' efforts to meet their obligations under the Convention on Biological Diversity and the KMGBF, including implementing National Biodiversity Strategies and Action Plans (NBSAP) and National Biodiversity Finance Plans; **or**

g) implement nature-based solutions to social, economic and environmental challenges that explicitly benefit biodiversity, as defined by UNEA-Resolution 5/5, including through actions that help protect, conserve, restore, sustainably use and manage natural or modified terrestrial, freshwater, coastal and marine ecosystems, and/or through ecosystem-based approaches to climate change adaptation, mitigation and disaster risk reduction, that simultaneously provide human well-being, ecosystem services and resilience.

The activity will score 'principal objective' if it directly and explicitly aims to achieve one or more of the above three criteria.

COMBATING DESERTIFICATION

An activity should be classified as desertification-related (score principal or significant) if:

It aims at combating desertification or mitigating the effects of drought in arid, semi-arid and dry sub-humid areas through prevention and/or reduction of land degradation, rehabilitation of partly degraded land, or reclamation of desertified land.

Eligibility criteria:

The activity contributes to:

a) Protecting or enhancing dryland ecosystems or remedying existing environmental damage; **or**

b) Integration of desertification concerns with recipient countries' development objectives through institution building, capacity development, strengthening the regulatory and policy framework, or research; **or**

c) Developing countries' efforts to meet their obligations under the Convention.

The activity will score 'principal objective' if it directly and explicitly relates to one or more of the above criteria, including in the context of the realisation of national, sub-regional or regional action programmes.

CLIMATE CHANGE MITIGATION

An activity should be classified as climate change mitigation related (score principal or significant) if:

It contributes to the objective of stabilisation of greenhouse gas (GHG) concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system by promoting efforts to reduce or limit GHG emissions or to enhance GHG removal by sinks, in line with the goals of the Paris Agreement.

Eligibility criteria:

The activity contributes to:

a) The mitigation of climate change by limiting anthropogenic emissions of GHGs, including gases regulated by the Montreal Protocol; **or**

b) The protection and/or enhancement of GHG sinks and reservoirs; **or**

c) The integration of climate change concerns with the recipient countries' development objectives through institution building, capacity development, strengthening the regulatory and policy framework, technology transfer or research; **or**

d) Developing countries' efforts to meet their obligations under the Convention, and the Paris Agreement, namely the implementation and enhancement of mitigation actions.

The activity will score 'principal objective' if it directly and explicitly aims to achieve one or more of the above four criteria.

CLIMATE CHANGE ADAPTATION

An activity should be classified as adaptation related (score principal or significant) if:

It intends to reduce the vulnerability of human or natural systems to the current and expected impacts of climate change, including climate variability, by maintaining or increasing resilience, through increased ability to adapt to, or absorb, climate change stresses, shocks and variability and/or by helping reduce exposure to them, in line with the Paris Agreement.

This encompasses a range of activities, from information and knowledge generation, to capacity development, planning and the implementation of climate change adaptation actions.

Eligibility criteria:

a) The climate change adaptation objective is explicitly indicated in the activity documentation; **and**

b) The activity contains specific measures targeting the definition above.

Carrying out a Climate Risk Assessment of vulnerability to climate variability and change, either separately or as an integral part of standard procedures, facilitates this approach.

To guide scoring, a three-step approach is recommended as 'best practice', in particular to justify a 'principal objective' score:

- **Setting out the context of risks, vulnerabilities and impacts related to climate variability and climate change:** For a project to be considered as one that contributes to adaptation to climate change, the context of climate vulnerability should be set out clearly using a robust evidence base. This could take a variety of forms, including use of material from existing analyses and reports, or original, bespoke climate vulnerability assessment analysis carried out as part of the preparation of a project.

- **Stating the intent to address the identified risks, vulnerabilities and impacts in project documentation:** The project should set out how it intends to address the context- and location-specific climate change vulnerabilities, as set out in existing analyses, reports or the project's climate vulnerability assessment.
- **Demonstrating a clear and direct link between the identified risks, vulnerabilities and impacts and the specific project activities:** The project should explicitly address risk and vulnerabilities under current and future climate change as identified in the project documentation.

MARKERS AND EU FINANCIAL REPORTING

Actions are reported to contribute 100 % of their budget to a given policy or Rio theme if the corresponding marker is scored as 'principal objective', and 40 % if a 'significant objective'. There will be no reported contribution (0 %) for markers that are considered 'not targeted'.

This doesn't mean that the actual budgetary contributions match those percentages, but they should not deviate significantly.

BORDERLINE CASES AND FREQUENT SHORTCOMINGS

The marker definitions, eligibility criteria and guidance provide a number of elements to minimize the subjective component in assigning marker scores. Nevertheless, there are always borderline cases that are subject to interpretation. Some common shortcomings are described below.

- **Indirect contributions** are often taken as sufficient basis to grant a 'significant objective' marker. However, it must be remembered that the policy or Rio theme in question must be explicitly targeted, and it must be clear from the intervention logic how they will be addressed.
- Adding text to the **section on 'mainstreaming'** of the action document is useful, but not sufficient to justify a marker. The relevant policy or Rio theme elements must be explicitly targeted and evidence on how it is addressed should be clear across the logic of intervention.
- In the case of **climate change adaptation** it is necessary for the climate vulnerability context to be described, and it must be clear from the action document how the action will address it.
- If a 'principal objective' is claimed, it is highly recommended that associated **indicators** are included; after all, the policy or Rio theme in question is being claimed as one of the 'principal' objectives of the action.
- Although the eligibility criteria are not related to budget assignations, given that the marker scores are translated by the Commission into financial contributions based on agreed coefficients, the **budget dedicated to a particular theme** can help decide on the adequate marker score.
- It is not obvious how to mark action documents making contributions to **investment facilities** or to the **EFSD+** Common Provisioning Fund, as the precise activities that will be eventually financed are not known. Those actions may be marked based on the types of projects that they commonly finance.
- Due to their nature, action documents for **Support Measure and Technical Cooperation Facilities** present particular challenges. Dedicated guidance is available on the scoring of Rio markers for these actions (see the section on further guidance and resources below).

FURTHER GUIDANCE AND RESOURCES

The document Scoring of the Rio markers and the policy markers for Aid to Environment and Disaster Risk Reduction – Compilation of guidance material provides hyperlinks to all the relevant sources and guidance material (Greening Facility, n.d.-a).[17]

The Tutorial video on Rio markers provides the basics of Rio markers and how to score them, as well as a reminder of the biodiversity and climate spending targets (European Commission, 2018).[18]

The OECD DAC Converged Statistical Reporting Directives for the Creditor Reporting System (CRS) and the Annual DAC Questionnaire; Annexes – modules D and E presents the definitions and eligibility criteria for policy and Rio markers. **Annex 20** of the above document includes indicative tables of activities by sector that can qualify for the climate and biodiversity markers. Indicative tables for the Desertification marker are under preparation (OECD-DAC, 2025a).[15]

The Quick Tips (Greening Facility, n.d.-b)[19] is a series that presents practical guidance for the greening of a number of sectors. Each of the Quick Tips document related to a sector is accompanied by an Annex that presents guidance on activities that typically qualify for a Rio marker in that specific sector. These tables draw largely from the OECD DAC indicative tables, but provide additional elements, especially in relation to the marker on combating desertification.

If you have any questions on the correct scoring of the markers, you can contact the **Greening Facility:**

- INTPA-GREENING-FACILITY@ec.europa.eu
- ENEST-GREENING-FACILITY@ec.europa.eu
- MENA-GREENING-FACILITY@ec.europa.eu

ANNEX 3. MODEL TERMS OF REFERENCE FOR A COUNTRY ENVIRONMENTAL PROFILE

Background

A Country Environmental Profile (CEP) provides an analysis of the country environment and climate change context covering:

- key environmental and climate related challenges and opportunities;
- the way these are addressed in national policies and strategies;
- an overview of how the EU and other international actors have been addressing these issues; and
- the implications for future EU support and policy dialogue.

The **primary objective** of a CEP is to inform the **programming, policy dialogue and programme implementation** process from an environmental and climate change perspective. In addition, a CEP is a valuable reference document that provides a broad insight into the environmental and climate-related challenges of the country that can be used to inform the policy dialogue and the context analysis during **identification and formulation** of interventions, as well as the development of investment pipelines.

In the case of a Regional Environmental Profile (REP), the purpose is to inform the preparation of regional programming documents, and the focus is on environmental and climate-related challenges and opportunities that are best addressed at a regional level.

Wherever feasible, the CEP should be prepared jointly with EU member states, in a Team Europe approach.

The terms of reference proposed below are for a fully-fledged CEP, conducted by external experts. A CEP may be replaced by a lighter assessment, made by EU staff; in all cases, a good understanding of the environmental and climate context of partner countries and regions and of the related policies, is essential for an evidence-based policy dialogue, programming and implementation.

Annex 5 provides links to useful sources of data on environment, climate change and natural disasters risks, notably country/regional environmental and climate profiles/analyses and statistics.

Terms of reference

As part of the programming cycle, preferably before the programming starts, the EU delegation prepares an analysis of the country environmental and climate change context and of past and present EU support in relation with environment and climate change.

The analysis, which can take the form of a Country Environment Profile (CEP), covers the key environmental and climate-related challenges and opportunities, the way they are addressed in the national plans and policies, and the implications for future EU support and policy dialogue. The assessment informs the evaluation of the national policy documents on which the programming will be based, the policy dialogue, the preparation of the EU response (the Multiannual Indicative Programme), its implementation and its mid-term review.

Explanations or sections to be completed according to individual circumstances are given in italics.

Terms of reference for the preparation of the Country Environmental Profile of (*country*)

BACKGROUND

Give a brief overview of the country, its current socio-political situation, EU support experience on the major environmental and climate concerns and responses by the government and/or other (international) actors, the objectives and rationale for integrating the environment and climate change in the EU country analysis and programming documents and the current timetable with respect to the programming process.

OBJECTIVE AND SCOPE

The main objective of the Country Environmental Profile is to identify and assess environmental and climate change issues to be considered during the preparation and implementation of a country programme, which will directly or indirectly influence EU support to the country. The Country Environmental Profile will provide decision makers in the partner country and in the EU with clear information on the key environmental and climate change challenges and opportunities, including the implementation of the Sustainable Development Agenda 2030, the implementation of the Global Gateway, EU Green Deal and the transition to a green economy. It will cover the current policy, regulatory and institutional framework and the strategies, programmes and investments (including those of the EU, TEIs, blending operations and guarantees, and other actors) to address them.

The analysis aims to inform the EU support programme, the choice of priority areas and the development of investment pipelines, to guide the integration of environmental and climate change concerns and objectives in the policies and programmes supported by the EU and to establish the necessary environment and climate change safeguards for all relevant support activities undertaken in the country. The Profile will describe the key linkages between the environment, including climate change, and poverty reduction. It will constitute an important source of baseline information and contribute to focusing EU political dialogue and support to the country on key areas of concern including sustainable development as well as raising awareness among policy makers.

The ToR can also precise:

- the intended use (internal/external) of the CEP, including how it should support the EU in decision making (e.g. sectors of the EU Green Deal on which the EU delegation shall focus) or the partner government (e.g. insights for the assistance needed for NDC updating, and subsequent reporting and implementation).
- Which type of support will be available from headquarters and through the Green Deal Hub / support facilities.

RESULTS

The assignment will deliver the following results:

- an assessment of the state of the environment and key environmental factors and trends, including those related to climate change, influencing the country's sustainable development and stability;
- an assessment of the main links between the state of the environment, climate change and human development in its multiple dimensions (e.g. income, consumption, health, education, security, vulnerability);
- an assessment of national environmental, climate change and green transition policies and legislation/regulations, institutions and capacities, and the involvement of civil society in environmental and climate change matters (including areas relevant to the EU Green Deal and the transition to a green economy);
- an assessment of available analyses on the potential impacts of increasing climate variability and climate change on different key sectors and the strategies and processes in place or under development to respond to them;
- an assessment of the integration of environmental and climate change concerns in sustainable development policy and sectors (including an overview of existing institutional arrangements for mainstreaming at sector level);

- an overview of past and ongoing international (including EU) relevant support in environment and climate change as an area for environmental and climate change action and integration at sector level;
- recommendations and, as far as possible, guidelines or criteria for mainstreaming environmental and climate change (adaptation and mitigation) concerns in EU support focus areas. These recommendations should support the country programming and include guidance or criteria to be used for environmental and climate change integration and action in subsequent phases of the cycle of operations.

ISSUES TO BE ASSESSED

The following issues should be analysed using existing sources of information and key stakeholders' perspectives. It is not expected that the preparation of the Profile will involve the collection of original data.

3.1. State of the environment/climate change, trends and pressures

This chapter should identify the **state and trends** of key environmental resources or components in the country, including (as relevant), but not necessarily limited to:

THEMES	ASPECTS TO CONSIDER
1. Land	• Soil erosion and degradation • Desertification • Land use, arable land, losses due to urbanisation or infrastructure building
2. Water	• Water regime • Groundwater • Water quality
3. Air quality	• Urban air quality • Indoor air quality
4. Forest, vegetation, ecosystems	• Forest cover, and forest cover change • Pastureland • State of particular ecosystems (e.g. savannahs, mangroves, coral reefs)
5. Biodiversity, wildlife	• Local status of globally threatened species/habitats • Alien invasive species • Fish stocks • Species with special value
6. Mineral resources and geology	• Mineral resources • Geological risks (seismic, volcanic and related risks)
7. Landscape	• Aesthetic and cultural value of landscape
8. Living conditions in human settlements	• Air and water quality • Sanitation • Slums • Environmental health • Vulnerability to disasters
9. Climate trends	• Temperature • Precipitation • Frequency of extreme weather events, natural climate-related disasters

Expected impacts of climate change should be described, focusing on key impacts affecting national and sectoral development, taking into account direct and indirect impacts. An overview should be provided of climate vulnerability for key sustainable development sectors, including an indication of the social groups that are particularly vulnerable to climate change due to their particular exposure, sensitivity or adaptive capacities.

This section will also highlight the effects of climate change in exacerbating existing environmental pressures and the linkages between environmental degradation (ecosystem services) and vulnerability, with a focus on the poorest and most exposed social groups and including a gender approach, as well as unintended consequences of risks to peace and security.

Existing national or sub-regional studies on the expected effects of climate change should be considered, including proposed responses, which may include technical, policy and institutional components.

The overall implications of climate change for focal areas of EU support should be assessed, including any safeguards or need for additional analyses to ensure that investments are adapted to increasing climate variability and predicted climate change effects.

Pressures on the environment and on climate vulnerability explaining the main negative trends should be identified, as well as pressures contributing to global environmental problems and to the atmospheric concentration of greenhouse gases (GHG), using the following table as a guiding checklist.

As far as possible, the driving forces influencing these pressures should be identified, such as economic and fiscal incentives (including those affecting the transition to a green economy), demographic pressure, growing demand for commodities, unsustainable production systems, governance of natural resources, access rights to natural resources and land tenure systems.

Trends in the state of the environment and climate should be analysed with regard to their social and economic impact, including:

- impact on the economy
- decline in production or productivity (e.g. agriculture, forestry, fisheries)
- threats to human health
- disruptions to education and training
- human exposure to environmental disasters (e.g. floods, drought, landslides)
- conflicts and security issues
- impact on poverty, differentiated impact on women and men, impact on vulnerable groups (including children and indigenous peoples)
- sustainability of resource use
- cultural values

The concluding paragraphs of this section should summarise the main problems identified, described in terms of situations or trends that are undesirable due to their current socio-economic consequences (e.g. falling productivity, health problems, natural risks, social crises, conflicts), their future consequences (e.g. decline in natural resources, cumulative pollution) or their contribution to global environmental problems. The relationship between natural resources and inclusive economic development should also highlight opportunities for positive environmental and/or climate action. The main links between the environment, climate change and human development (in its multiple dimensions: income, consumption, health, security, vulnerability ...) should be highlighted, possibly in the form of a matrix or 'problem tree'.

As appropriate, the consultant should refer to environmental and climate change indicators that could be used for monitoring changes in key parameters in the country. To the extent that data are available, trends in relation with the sustainable development goals, targets and indicators should be provided; trends in additional indicators related to country-specific environmental issues can also be provided, as available, to highlight those that are significant.

If appropriate, the information could be organised according to eco-geographical subdivisions with the scale (regional, national, local) of the issues indicated.

PRESSURE ON ENVIRONMENT AND/OR CLIMATE VULNERABILITY	ASPECTS TO CONSIDER
1. Mining, extraction of hydro- carbons	• Extraction, processing and transport of minerals and hydrocarbons, and the resulting pollution and waste
2. Water use and management	• Water extraction (surface and groundwater) • Wastewater discharges, water treatment • Water use
3. Land use and management	• Land use planning including strategic environmental implications; land use change and related GHG emissions, large-scale land conversion.
4. Forest exploitation, hunting, fisheries, biodiversity	• Deforestation and forest degradation and related GHG emissions • Forest product extraction; illegal logging • Forest and fisheries management practices • Hunting and fishing activities, poaching • Wildlife trafficking • Use of non-timber forest products • Fires • Introduction of alien species
5. Livestock	• Overgrazing • Rangeland management, use of fire, water management • Livestock waste and pollution management
6. Agriculture	• Expansion of agricultural land • Shifting cultivation • Intensification • Irrigation and water use • Pest control • Agricultural practices, soil management • Agricultural waste and pollution management
7. Energy supply and use	• Sources of energy • Supply- and generation-related waste and emissions • Energy consumption and associated emissions • Energy efficiency
8. GHG emissions	• Emissions of main GHG and sources
9. Urbanisation, infrastructure and industry	• Urban growth and sprawl, urban planning • Dams, roads, ports, other major infrastructure • Polluting industries, tourism
10. Transport	• Transport of goods • Transport of people
11.Waste disposal and management	• Waste production • Waste management • Public behaviour and practices • Hazardous waste management

3.2. ENVIRONMENTAL AND CLIMATE CHANGE POLICY, REGULATORY AND INSTITUTIONAL FRAMEWORK

A brief description and review should be provided of the main government responses to deal with key environmental and climate change issues and promote sustainable development. This section should analyse strengths and weaknesses and cover the following aspects.

ASPECTS	EXAMPLES OF ISSUES TO CONSIDER
1. Policies [1]	• Existence of national policies, strategies and action plans for the environment, including possible national strategy for sustainable development and green transition, national climate change strategy, national environmental action plan, Adaptation Plans, low carbon, green economy or green growth strategies, NDC/LTS, NAP and Adaptation Communications, National Biodiversity Strategy and Action Plan (NBSAP) • Policy responses to global issues, sustainability issues (depletion of natural resources), and specific environmental and climate change issues identified above • Consistency between policies • Policies on gender and environment, and on fair and equitable management of natural resources • Important measures taken by the government to address environmental climate vulnerability concerns and types of policy instruments used for implementation • Effectiveness in achieving targets • Alignment with the EU Green Deal
2. Regulatory framework, including Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA) legislation	• Ratification status and implementation of Multilateral Environmental Agreements such as those concerning climate change, biodiversity and desertification (with reference to any official plans, programmes, communications or reports issued in the context of these conventions) • Adequacy of environmental legislation, including on land tenure and land reform, access rights to natural resources, management of natural resources, requirements for environmental assessment such as for EIA and SEA, pollution control, area development control • Provision and procedures for public participation in environmental decision-making • Effectiveness of legislation enforcement • Use of other (non-legislative) instruments, e.g. 'green budgeting', environmental fiscal reform and market-based mechanisms, voluntary schemes (e.g. environmental management systems, environmental labelling, voluntary industry–government agreements) • Potential impact of non-environmental legislation

1 Note that climate-related policies and strategies may be briefly described here but are also covered in more detail in section 4.3.

ASPECTS	EXAMPLES OF ISSUES TO CONSIDER
3. Institutions with environmental and climate change responsibilities	• Identity and quality of institutions involved in policy making, legislation, planning, environmental protection, monitoring and enforcement • Level of coordination and decentralisation • Strength and capacities of individual institutions • Influence on other institutions • Good governance practices • Capabilities, means, functioning of environmental services • Major NGOs, institutes or other organisations involved in environmental/climate change management or policy
4. Public participation	• Transparency and access to environmental information • Role of NGOs and civil society in environmental decision-making • Effectiveness of participation • Participation by women and traditionally less represented groups • Access to justice in environmental matters
5. Environmental services and infrastructure	• Protected areas: number, areas, relevance, effectiveness of protection • Sanitation and waste treatment infrastructure • Disaster risk reduction systems • Emergency response mechanisms
6. Environmental and climate resilience monitoring system	• Relevance of selected indicators, particularly those linked to the SDG targets • Measurement of the indicators: periodicity, reliability • Integration in the general sustainable development indicators

3.3. INTEGRATION OF ENVIRONMENTAL AND CLIMATE CHANGE CONCERNS INTO KEY POLICIES AND SECTORS

The analysis should examine the integration of environment and climate change in the main national strategies and in sector policies, particularly those that might be identified for EU support, taking into account the focal areas in the current programming document as well as any pre-identified option for future EU support.

This section should examine whether Strategic Environmental Assessments (or similar assessments) are available for the sustainable development strategy and for the sectors of interest. If such SEAs exist, they should be briefly described including the main recommendations. The main legislation, institutional arrangements and measures that address environmental issues in the sector, especially those identified in section 4.1 above, should be examined.

3.4. EU SUPPORT FROM AN ENVIRONMENTAL AND CLIMATE CHANGE PERSPECTIVE

This section should briefly review the past and current EU experience related to environment, natural resource management, climate change and the green and circular economy, as well as the steps taken to integrate the environment into other sectors (e.g. SEA or EIA studies conducted in the context of EU-funded programmes/projects). Where information is available, the environmental impacts or potential risks of past or ongoing EU support should be identified for the benefit of future programmes. The relevant findings and conclusions of existing evaluations/reviews should be summarised.

3.5. INTERNATIONAL FUNDING WITH AN ENVIRONMENTAL AND CLIMATE CHANGE PERSPECTIVE

This section should review the past and current involvement of other international actors (including EU Member States, the EIB, EDFIs, but other significant actors should also be included) and their experience in the country and include a list of recent and planned projects/programmes with an environmental, climate change and/or green economy focus or anticipated impact. Coordination mechanisms between relevant actors and the EU with respect to the environment, climate change and green economy should be assessed.

CONCLUSIONS AND RECOMMENDATIONS

The key environmental and climate change aspects in the country (state, trends and pressures), and the policy, regulatory and institutional opportunities and challenges should be identified as clearly as possible, indicating how these affect national and sectoral development, including vulnerability. These key aspects may be presented in a matrix, comparing environmental/climate change concerns and the main sectors or policies.

Based on a comprehensive assessment of available information and on consultations with stakeholders, conclusions and recommendations should be formulated on how the partner country and the EU can best address identified environmental/climate change challenges, enhance natural capital and promote the green economy in the programming and implementation of EU support, taking into account current programmes and any pre-identified option for future support. Conclusions and recommendations should feed into the country analysis, response strategy and possibly the identification of focal areas for EU support[6]. They should address (but not necessarily be limited to) the following aspects:

- Rationale and possibilities for considering the environment and/or climate change as an area for EU support, and/or (more frequently) the need to integrate environmental objectives, safeguards and complementary actions in other areas of EU support and investments, to address environmental and climate change constraints and opportunities as appropriate, including opportunities to contribute to the transition towards a green economy. Measures may include, for example, proposals for institutional strengthening and capacity building (including the enhancement of the regulatory framework and enforcement capacities) particularly in relation to environmentally and climatically sensitive sector programmes and budget support programmes. Opportunities may include supporting sustainable and resource efficient production systems or low-carbon development plans and programmes.
- Recommendations to ensure that projects and programmes are adapted to increasing climate variability and the anticipated effects of climate change and can thus deliver sustained developmental benefits. Information gaps preventing this work from being accomplished should be identified.
- Opportunities to ensure or strengthen peace and resilience through improvement of the availability of, and equitable access to, natural resources.
- Opportunities for coordination on environmental/climate change issues with other relevant actors, seeking to achieve complementarities and synergies in order to more effectively deliver sustainable development objectives.
- Proposals for environment and climate change related indicators to be used in the EU support Programme or to be considered during the formulation of Actions. Wherever possible, indicators from the country results frameworks and indicators related to the Sustainable Development Goals should be used, taking account of the availability of data and actual capacity to monitor their evolution. The report should mention whether the proposed indicators are included in the performance assessment framework of national (e.g. national sustainable development plan, Nationally Determined Contributions) or sectoral strategies/programmes.

Individual recommendations should be clearly articulated and linked to the issues to be addressed and grouped according to the sector or institutional stakeholder concerned. The relative priority of the recommendations and an indication of the challenges to their implementation should be given.

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6 Taking into account that other factors intervene in the choice of EU support sectors, including past focal areas and the support of other (international) partners.

Any constraints to preparing the profile resulting from limited information should be described.

WORK PLAN

The work plan should include but not necessarily be limited to the following activities:

- Consultations with EC country desk officers and other relevant officials, EU delegation, the national competent environmental and climate change authorities and a selection of national and local authorities, key international actors, plus key national and international civil society actors operating in the environmental, climate change and green economy areas.
- Review of key documents and reports, including (include here a list of key documents already identified by the EU delegation) EU programming document for the country; evaluation reports; existing environmental assessments of EU-funded projects and/or sector programmes relevant national documents (e.g. state of the environment reports); previous Country Environmental Profiles and/or Country Environmental Analysis or similar analytical reports; the current (particularly those related to potential future focal sectors); environmental and climate change literature; environmental and climate change policies, legislation and regulations; environmental and climate change monitoring data; and environmental/ climate change performance indicators.
- Field visits to sites of key environmental/climate change concern and (if possible) the organisation of a national workshop attended by national authorities, international partners, experts and representatives of civil society with the aim of clarifying and validating key environmental, climate change and green economy concerns.
- On the basis of the outline and time schedule given in these terms of reference, a detailed work plan should be proposed.

Please note that the preparation of a CEP does not entail the generation of primary data. Key sources of information and data include:

- Relevant policy documents (e.g. national development strategy, Nationally Determined Contributions – NDC, national biodiversity strategy and action plan, environmental policies and strategies, sector strategies)
- State of the environment reports (including those prepared by donors such as the World Bank Country Environmental Analyses or UN environmental profiles)
- Other relevant literature (e.g. analyses of the costs of climate change, academic literature)
- Environmental and climate-related legislation
- EU project evaluation reports

Valuable information will be obtained through consultations with a broad range of stakeholders, including:

- Environmental and climate change authorities (e.g. Ministry of Environment)
- Sectoral ministries and authorities (e.g. environmental protection agency, ministry of planning, ministry of finance, sectoral ministries and authorities, meteorological office, local authorities)
- EU delegation, donors and relevant financial institutions
- Civil society (e.g. local, national and international environmental and development NGOs)
- Professional organisations (e.g. worker unions, chamber of commerce)
- Representatives of the private sector
- Academics
- Groups affected or potentially affected by development processes and environmental degradation processes

EXPERTISE REQUIRED

The proposed mission shall be conducted by a team of (typically two) experts who should have the following profile:

- Expert level I or level II with at least 10 years' experience in environmental issues including institutional aspects, international environmental policies and management, environmental assessment techniques, climate change and experience in rapidly assessing information and developing recommendations. He/she would be the team leader
- Expert level II with 10 years' experience and with an environment or climate change background complementary to the team leader

In addition:

- Previous working experience in the country or the region is requested for at least one team member
- Excellent analytical and synthesis skills
- Experience in undertaking environmental and climate change analyses and preparation of international support programmes would be an asset
- Familiarity with Commission guidance on programming, integrated cycle management, policy mix and integration of environmental and climate change issues into other policy areas is desirable
- Experience on green and circular economy would be an asset
- Experience of participatory planning processes and gender issues would be an advantage
- The experts should have excellent communication skills in (specify) and knowledge of (specify) would be an asset. (Specify language) will be the working language; the final report must be presented in (specify language)

REPORTING

The results of the study should be presented based on the outline presented in Section 10 of these ToR. The draft profile, in (number) hard copies (double-sided printing on certified or recycled paper) and electronic version (Microsoft Word), should be presented to (specify) by (date) at the latest. Within (number) weeks, comments on the draft report will be received from the relevant authorities and the EU. The consultants will take account of these comments in preparing the final report (maximum 45 pages excluding appendices). The final report in (language) and (number) copies (double-sided printing on certified or recycled paper) is to be submitted by (date).

INDICATIVE PLAN OF ACTIVITIES AND PERSON-DAYS REQUIREMENTS

ACTIVITIES	EXPERT 1 (TEAM LEADER)	EXPERT 2
Desk analysis, including briefing to the team leader in *(place)*	5	2
Field phase including travel and possible workshop	15-20	15-20
Debriefing in (place) – not later than *(date)*	1	1
Report finalisation and submission (draft) *(date)*	3	2
Final report after comments *(date)*	1	1
Total days	26-31	21-26

REPORT FORMAT FOR A COUNTRY ENVIRONMENTAL PROFILE

Maximum length (excluding appendices): 45 pages.

The following text should appear on the inside front cover of the report:

This report is financed by the European Union and is presented by (name of consultant) for (national institution) and the European Commission. It does not necessarily reflect the opinion of (national institution) or the European Commission.

Structure of the report:

1. Summary
   (The summary should succinctly and clearly present the key issues described in the profile following the order of headings 2 to 6 given below. The summary should not exceed 6 pages).
2. State of the environment/climate change, trends and pressures
3. Environmental and climate change policy, regulatory and institutional framework
4. Integration of environmental and climate change concerns into key policies and sectors
5. EU and international funding from an environmental, climate change and green economy perspective
6. Conclusions and recommendations
   (Comprising the main issues presented, in no more than 4 pages).

Technical appendices

- Relevant maps (e.g. environmental variables, climate projections)
- Reference list of environmental and climate change policy documents, statements and action plans
- Reference list of environmental and climate change legislation and regulations
- Other relevant technical information
- Other appendices
- Study methodology/work plan (1–2 pages)
- Consultants' itinerary (1–2 pages)
- List of persons/organisations consulted with their affiliation and contact details
- List of workshop participants (if organised)
- List of documentation consulted
- Curriculum vitae of the consultants (1 page per person)
- Terms of reference

ANNEX 4. ENVIRONMENT AND CLIMATE RISK SCREENING

Introduction

The NDICI-Global Europe Regulation (Article 25.5) establishes that **environmental screening, including for climate change and biodiversity impacts shall be undertaken at the level of actions**, in accordance with applicable legislation, including the EU EIA Directive. It is also stipulated that, where relevant, Strategic Environmental Assessments, including the impact on climate change, shall be used in the implementation of sectoral programmes. The Global Gateway Communication stipulates that 'projects will live up to the European Green Deal oath to do no harm and ensure the use of Environmental Impact Assessments and Strategic Environmental Assessments'.

The purpose of the environment & climate risk screening is to determine if a given action is likely to have significant adverse impacts on the environment or is at significant risk from climate change and environmental degradation, and therefore whether a Strategic Environmental Assessment (SEA), an Environmental Impact Assessment (EIA), and/or a Climate Risk Assessment (CRA) should be prepared. The aim of the screening and assessments is to identify, avoid, minimise and/or avoid negative impacts and to do no harm. In many cases the assessments also cover social risks and impacts (Environment and Social Impact Assessments - ESIA).

Yet, the EIA directive does not specify an impact as being negative or positive. The analysis and reflection triggered from the screening questionnaires not only allows to identify environmental and climate risks but also opportunities that should be addressed in the design of the action, regardless of whether an SEA, an EIA or a CRA are required. The screening process thus can also be used to apply the 'green lens' approach and look at ways to 'do good' to environment or climate. The screening consists of three parts:

- Part A: Screening for Strategic Environmental Assessment (SEA)
- Part B: Screening for Environmental Impact Assessment (EIA)
- Part C: Screening for Climate Risk Assessment (CRA)

WHEN SHOULD THE ACTION BE SCREENED?

The formal screening is compulsory: it should be performed as soon as there is a clear idea of the objectives and scope of the action that is promoted. In the case of DG INTPA, this information is normally available at the time when the SSC Fiche is prepared. In the case of DG ENEST and DG MENA, the necessary insight into the action may be available at the Identification phase (i.e. ahead of QR1). At the very latest, the screening should be undertaken during formulation. In case an SEA, and EIA and/or a CRA are required, it is necessary to allocate sufficient resources and time for their preparation. Thus, the earliest the screening is done, the better.

Screening for greening opportunities can best be done at the earliest stage of identification as it may influence objectives and scope of an action.

IS THE ENVIRONMENT & CLIMATE RISK SCREENING REQUIRED IN THE CASE OF BLENDED FINANCE AND GUARANTEES?

In the case of blending and budgetary guarantees, it is the screening procedure of the lead financial institution (LFI) that is applicable. Nevertheless, it is good practice to check whether those projects would require an SEA, EIA and/or CRA based on the INTPA/ENEST/MENA screening and, if there are significant environmental and/or climate risks involved, ensure that the LFI will apply the relevant tools, assessments and mitigation measures.

WHAT INFORMATION IS REQUIRED AND WHO SHOULD DO THE SCREENING?

A basic understanding of the environmental and climate change context for the project's location and area of influence is necessary, including relevant environmental and climate change objectives. **Annex 5** on Sources to understand the environment and climate change context can be useful to this effect.

If the action offers very few or indirect links to environment and climate (e.g. support to electoral processes), the screening can be done in-house and with the support of the EU delegation's green focal point.

For other actions, it is recommended to undertake the screening in a participatory manner, for example, expert advice (e.g. consultants engaged in identification, green focal point in the delegation) supplemented by a focused workshop with key stakeholders. Such a screening will be useful not only to determine the need for an SEA, and EIA and/or a CRA, but also to start defining the scope of any of the analyses required and to identify greening opportunities that go beyond formal assessment requirements but may significantly contribute to reaching EU goals and targets.

Since virtually all countries have EIA regulations, preferably the screening procedure of the national EIA system are followed, making sure that these are compliant with the minimum requirements defined under the EIA Directive. Take note that climate risk screening is not yet regularly included in national EIA systems. In case of capacity problems with the implementation of national EIA regulations, consider a capacity development component where relevant.

REPORTING ON THE SCREENING RESULTS

If the screening was undertaken at the identification phase (SSC Fiche in the case of INTPA), its findings should be indicated in the SSC fiche (INTPA) or the action document for QR1 (ENEST/MENA). These should include an indication as to whether an SEA, an EIA and/or a CRA are required, and the rationale for the decision.

In any case, the results of the screening must be indicated in the formulation of the action document through the CCT/RCT/TCT (INTPA) or going to QRM/QR2 (ENEST/MENA).


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PART A: SEA SCREENING

The purpose of the SEA screening is to identify whether a SEA should be carried out for the action to be supported. An SEA is generally required to inform investment plans, programmes and other strategies, which:

1. Are prepared in following sectors:
   - Agriculture
   - Energy
   - Fisheries
   - Forestry
   - Industry (including mining)
   - Private sector development
   - Telecommunications
   - Tourism
   - Town and country planning or land use
   - Transport
   - Waste management
   - Water management
2. Set the framework for development of projects which may require EIA, or
3. May have significant impacts on sensitive habitats and ecosystems.

When the implementation of a plan or programme is likely to have significant transboundary environmental, including health, effects, it is recommended to notify the affected country as early as possible before the adoption of the plan or programme, following the procedural steps described in Article 10 of the UNECE Protocol on SEA (2017)[20] to the Convention on Environmental Impact Assessment in a Transboundary Context (Espoo Convention).

TYPES OF ACTIONS REQUIRING AN SEA

Considering the above points, an SEA is required for following types of actions in an environmentally sensitive sector[7]:

1. When support is provided to policy-making or strategic planning, including the design of investment plans: nationally-owned SEA prepared with EU assistance.
2. When considering budget support.
3. When the project is providing strategic level support[8] or the project is supporting the implementation of a large part of the national sector strategy.
4. When the support includes the preparation or revision of a sector-wide strategic or planning document in an environmentally sensitive sector.
5. In any other sector, for budget support programmes that will be supporting sector strategies likely to result in significant adverse impacts on the environment, including climate, or whose effectiveness and sustainability may be significantly affected by adverse environmental trends including climate change, as determined by the SEA screening questionnaire.

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7 Environmentally sensitive sectors include: agriculture; energy; fisheries; forestry; industry; private sector development; telecommunications; tourism; town and country planning or land use; transport; waste management; and water management.

8 Support is considered to be at a strategic level if (i) support is provided to the development/revision of the sector's policy, regulatory and/or institutional framework, and/or (ii) foresees the implementation (or sets the framework for the implementation of) multiple projects that may have significant cumulative impacts on the environment (e.g. multiple infrastructure projects, projects requiring execution of construction works or multiple projects that require land use change or intensive use of natural resources).

An SEA may not be required for points 1 and 2 above if a recent SEA, or equivalent assessment, has recently been prepared (by the national government or a development partner) that serves the purposes of informing the integration of environment and climate change in the relevant sector strategy. In this case, a simplified study may be undertaken to identify the opportunities to enhance the environmental and climate change performance of the EU support programme.

SCREENING QUESTIONNAIRE

Actions falling under any of the four categories above have to be assessed against the standard screening questions. A positive reply to any of the questions below indicates the need for preparing an SEA. If the relevant technical expertise is not available in the EU delegation, assistance can be obtained from the relevant thematic units in HQ or support facilities.

1. Is the implementation of the sector programme/strategy likely to result in significant adverse impacts on the environment and human health, including significant contributions to GHG emissions or significant impacts on sensitive habitats and ecosystems? Impacts may be direct or indirect (e.g. promotion of subsidies to environmentally harmful or carbon-intensive products or activities) or cumulative and/or transboundary.

2. Is the implementation of the sector programme/strategy likely to result in large-scale land use change?

3. Is the implementation of the sector programme/strategy likely to promote large-scale use of environmentally damaging substances (e.g. of herbicides for water weed control, pesticides in agriculture production)?

4. Is the implementation of the sector programme/strategy likely to significantly hinder the achievement of objectives related to any of the following areas: (i) climate change mitigation, (ii) climate change adaptation, (iii) circular economy, (iv) water and marine resources, (v) pollution prevention and control, and/or (vi) biodiversity and ecosystems?

5. Does the achievement of the programme/strategy objectives directly and significantly depend on the availability of scarce or degraded natural resources?

6. Does the state of the environment have significant adverse effects on the performance of the sector (e.g. agriculture production at risk from significant scarcity of water, significant impacts of air pollution on health of the population)?

7. Is the feasibility and sustainability of the action significantly vulnerable to the expected consequences of climate change?

8. Is the implementation of the sector programme/strategy likely to include a number of projects that may require EIA[9] and that could result in significant cumulative impacts on the environment and health (e.g. a cascade of hydropower dams, multiple water extractions from one river basin)?

Voluntary SEA is strongly suggested for programmes/strategies in environmentally sensitive sectors where opportunities for greening can be expected, following environmental, biodiversity, climate and circular economy objectives. More often than not, the benefits of greening activities go beyond sector boundaries; opportunities for such benefits may go unnoticed with a strict sector-focus (e.g. biodiversity and human health gains with nature-based solutions for urban climate adaptation; multiple social, economic, climate and health benefits from pollution reduction; etc.). SEAs should be considered whenever the EU is engaged for several years in supporting a sector corresponding to the above criteria, in order to inform and green the next policy/strategic planning cycle, as well as EU support and policy dialogue.

9 See section on EIA screening below for further details.

PART B: EIA SCREENING

An EIA is required for all projects that are likely to have a significant impact on the environment and health, i.e. *large infrastructure works or other installations or schemes, and other interventions in the natural surroundings and landscape including those involving the extraction of mineral resources and large-scale land use.* It is important to note that in general, an EIA is to be applied for new projects as well as for changes and extensions of already existing projects, should such a change or extension in itself meet the screening thresholds. In most partner countries EIAs are a legal obligation and a condition to receive the project development consent from the competent authority. Where such legislation is lacking, or where it is significantly weaker than EU standards, the application of EU standards is strongly encouraged.

Projects can be divided into two categories[10]:

- Category A: Projects which always require EIA
- Category B: Projects that may require EIA based on screening criteria

Category A: Projects that always require EIA

1. Any project that requires an EIA according to the national EIA legislation

2. Crude-oil refineries (excluding undertakings manufacturing only lubricants from crude oil) and installations for the gasification and liquefaction of 500 tonnes or more of coal or bituminous shale per day.

3. a) Thermal power stations and other combustion installations with a heat output of 300 megawatts or more.

b) Nuclear power stations and other nuclear reactors including the dismantling or decommissioning of such power stations or reactors[11] (except research installations for the production and conversion of fissionable and fertile materials, whose maximum power does not exceed 1 kilowatt continuous thermal load).

4. a) Installations for the reprocessing of irradiated nuclear fuel.

b) Installations designed:

i. for the production or enrichment of nuclear fuel;

ii. for the processing of irradiated nuclear fuel or high-level radioactive waste;

iii. for the final disposal of irradiated nuclear fuel;

iv. solely for the final disposal of radioactive waste;

v. solely for the storage (planned for more than 10 years) of irradiated nuclear fuels or radioactive waste in a different site than the production site.

5. a) Integrated works for the initial smelting of cast iron and steel;

b) Installations for the production of non-ferrous crude metals from ore, concentrates or secondary raw materials by metallurgical, chemical or electrolytic processes.

6. Installations for the extraction of asbestos and for the processing and transformation of asbestos and products containing asbestos: for asbestos-cement products, with an annual production of more than 20 000 tonnes of finished products, for friction material, with an annual production of more than 50 tonnes of finished products, and for other uses of asbestos, utilisation of more than 200 tonnes per year.

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10 The lists of projects are aligned to the EIA Directive.

11 Nuclear power stations and other nuclear reactors cease to be such an installation when all nuclear fuel and other radioactively contaminated elements have been removed permanently from the installation site.

7. Integrated chemical installations, i.e. those installations for the manufacture on an industrial scale of substances using chemical conversion processes, in which several units are juxtaposed and are functionally linked to one another, and which are:

- **a)** for the production of basic organic chemicals;
- **b)** for the production of basic inorganic chemicals;
- **c)** for the production of phosphorous-, nitrogen- or potassium-based fertilisers (simple or compound fertilisers);
- **d)** for the production of basic plant health products and of biocides;
- **e)** for the production of basic pharmaceutical products using a chemical or biological process;
- **f)** for the production of explosives;

8. a) Construction of lines for long-distance railway traffic and of airports[12] with a basic runway length of 2 100 m or more;

- **b)** Construction of motorways and express roads[13]
- **c)** Construction of a new road of four or more lanes, or realignment and/or widening of an existing road of two lanes or less so as to provide four or more lanes, where such new road or realigned and/or widened section of road would be 10 km or more in a continuous length.

9. a) Inland waterways and ports for inland-waterway traffic which permit the passage of vessels of over 1 350 tonnes;

- **b)** Trading ports, piers for loading and unloading connected to land and outside ports (excluding ferry piers) which can take vessels of over 1 350 tonnes.

10. Waste disposal installations for the incineration, chemical treatment as defined in Annex I to Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste under heading D9, or landfill of hazardous waste, as defined in point 2 of Article 3 of that Directive.

11. Waste disposal installations for the incineration or chemical treatment as defined in Annex I to Directive 2008/98/EC under heading D9 of non-hazardous waste with a capacity exceeding 100 tonnes per day.

12. Groundwater abstraction or artificial groundwater recharge schemes where the annual volume of water abstracted or recharged is equivalent to or exceeds 10 million cubic metres.

13. a) Works for the transfer of water resources between river basins where that transfer aims at preventing possible shortages of water and where the amount of water transferred exceeds 100 million cubic metres/year;

- **b)** In all other cases, works for the transfer of water resources between river basins where the multi-annual average flow of the basin of abstraction exceeds 2 000 million cubic metres/year and where the amount of water transferred exceeds 5 % of that flow.

In both cases transfers of piped drinking water are excluded.

14. Waste water treatment plants with a capacity exceeding 150 000 population equivalent as defined in point 6 of Article 2 of Council Directive 91/271/EEC of 21 May 1991 concerning urban waste-water treatment.

15. Extraction of petroleum and natural gas for commercial purposes where the amount extracted exceeds 500 tonnes/day in the case of petroleum and 500 000 cubic metres/day in the case of gas.

16. Dams and other installations designed for the holding back or permanent storage of water, where a new or additional amount of water held back or stored exceeds 10 million cubic metres.

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12 For purposes of this screening procedure, 'airport' means an airport which complies with the definition in the 1944 Chicago Convention setting up the International Civil Aviation Organisation.

13 For purposes of this screening, 'express road' means a road which complies with the definition in the European Agreement on Main International Traffic Arteries of 15 November 1975.

17. Pipelines with a diameter of more than 800 mm and a length of more than 40 km:

- **a)** for the transport of gas, oil, chemicals;
- **b)** for the transport of carbon dioxide (CO_2) streams for the purposes of geological storage, including associated booster stations.

18. Installations for the intensive rearing of poultry or pigs with more than:

- **a)** 85 000 places for broilers, 60 000 places for hens;
- **b)** 3 000 places for production pigs (over 30 kg); or
- **c)** 900 places for sows.

19. Industrial plants for the production of:

- **a)** pulp from timber or similar fibrous materials;
- **b)** paper and board with a production capacity exceeding 200 tonnes per day.

20. Quarries and open-cast mining where the surface of the site exceeds 25 hectares, or peat extraction, where the surface of the site exceeds 150 hectares.

21. Construction of overhead electrical power lines with a voltage of 220 kV or more and a length of more than 15 km.

22. Installations for storage of petroleum, petrochemical, or chemical products with a capacity of 200 000 tonnes or more.

23. Storage sites pursuant to Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide.

24. Installations for the capture of CO_2 streams for the purposes of geological storage pursuant to Directive 2009/31/EC from installations covered by this Annex, or where the total yearly capture of CO_2 is 1,5 megatonnes or more.

25. Any change to or extension of projects listed above where such a change or extension in itself meets the thresholds, if any, set out in this list.

26. Any project which requires an EIA according to national regulations or to standards of co-donors.

Category B: Projects that may require EIA based on screening criteria

1. AGRICULTURE, SILVICULTURE AND AQUACULTURE

a) Projects for the restructuring of rural land holdings;

b) Projects for the use of uncultivated land or semi-natural areas for intensive agricultural purposes;

c) Water management projects for agriculture, including irrigation and land drainage projects;

d) Initial afforestation and deforestation for the purposes of conversion to another type of land use;

e) Intensive livestock installations (projects not included in Category A);

f) Intensive fish farming;

g) Reclamation of land from the sea.

2. EXTRACTIVE INDUSTRY

a) Quarries, open-cast mining and peat extraction (projects not included in Category A);

b) Underground mining;

c) Extraction of minerals by marine or fluvial dredging;

d) Deep drillings, in particular:

- **i.** geothermal drilling;
- **ii.** drilling for the storage of nuclear waste material;
- **iii.** drilling for water supplies;

with the exception of drillings for investigating the stability of the soil;

e) Surface industrial installations for the extraction of coal, petroleum, natural gas and ores, as well as bituminous shale.

3. ENERGY INDUSTRY

a) Industrial installations for the production of electricity, steam and hot water (projects not included in Category A);

b) Industrial installations for carrying gas, steam and hot water; transmission of electrical energy by overhead cables (projects not included in Category A);

c) Surface storage of natural gas;

d) Underground storage of combustible gases;

e) Surface storage of fossil fuels;

f) Industrial briquetting of coal and lignite;

g) Installations for the processing and storage of radioactive waste (unless included in Category A);

h) Installations for hydroelectric energy production;

i) Installations for the harnessing of wind power for energy production (wind farms);

j) Installations for the capture of CO_2 streams for the purposes of geological storage not covered by Category A.

4. PRODUCTION AND PROCESSING OF METALS

a) Installations for the production of pig iron or steel (primary or secondary fusion) including continuous casting;

b) Installations for the processing of ferrous metals:

- **i.** hot-rolling mills;
- **ii.** smitheries with hammers;
- **iii.** application of protective fused metal coats;

(c) Ferrous metal foundries;

(d) Installations for the smelting, including the alloyage, of non-ferrous metals, excluding precious metals, including recovered products (refining, foundry casting, etc.);

(e) Installations for surface treatment of metals and plastic materials using an electrolytic or chemical process;

(f) Manufacture and assembly of motor vehicles and manufacture of motor-vehicle engines;

(g) Shipyards;

h) Installations for the construction and repair of aircraft;

i) Manufacture of railway equipment;

j) Swaging by explosives;

k) Installations for the roasting and sintering of metallic ores.

5. MINERAL INDUSTRY

a) Coke ovens (dry coal distillation);

b) Installations for the manufacture of cement;

c) Installations for the production of asbestos and the manufacture of asbestos products (projects not included in Category A);

d) Installations for the manufacture of glass including glass fibre;

e) Installations for smelting mineral substances including the production of mineral fibres;

f) Manufacture of ceramic products by burning, in particular roofing tiles, bricks, refractory bricks, tiles, stoneware or porcelain.

6. CHEMICAL INDUSTRY (PROJECTS NOT INCLUDED IN CATEGORY A)

a) Treatment of intermediate products and production of chemicals;

b) Production of pesticides and pharmaceutical products, paint and varnishes, elastomers and peroxides;

c) Storage facilities for petroleum, petrochemical and chemical products.

7. FOOD INDUSTRY

a) Manufacture of vegetable and animal oils and fats;

b) Packing and canning of animal and vegetable products;

c) Manufacture of dairy products;

d) Brewing and malting;

e) Confectionery and syrup manufacture;

f) Installations for the slaughter of animals;

g) Industrial starch manufacturing installations;

h) Fish-meal and fish-oil factories;

i) Sugar factories.

8. TEXTILE, LEATHER, WOOD AND PAPER INDUSTRIES

a) Industrial plants for the production of paper and board (projects not included in Category A);

b) Plants for the pre-treatment (operations such as washing, bleaching, mercerisation) or dyeing of fibres or textiles;

c) Plants for the tanning of hides and skins;

d) Cellulose-processing and production installations.

9. RUBBER INDUSTRY

Manufacture and treatment of elastomer-based products.

10. INFRASTRUCTURE PROJECTS

a) Industrial estate development projects;

b) Urban development projects, including the construction of shopping centres and car parks;

c) Construction of railways and intermodal transhipment facilities, and of intermodal terminals (projects not included in Category A;

d) Construction of airfields (projects not included in Category A);

e) Construction of roads, harbours and port installations, including fishing harbours (projects not included in Category A);

f) Inland-waterway construction not included in Category A, canalisation and flood-relief works;

g) Dams and other installations designed to hold water or store it on a long-term basis (projects not included in Category A);

h) Tramways, elevated and underground railways, suspended lines or similar lines of a particular type, used exclusively or mainly for passenger transport;

i) Oil and gas pipeline installations and pipelines for the transport of CO_2 streams for the purposes of geological storage (projects not included in Category A);

j) Installations of long-distance aqueducts;

k) Coastal work to combat erosion and maritime works capable of altering the coast through the construction, for example, of dykes, moles, jetties and other sea defence works, excluding the maintenance and reconstruction of such works;

l) Groundwater abstraction and artificial groundwater recharge schemes not included in Category A;

m) Works for the transfer of water resources between river basins not included in Category A.

11. OTHER PROJECTS

a) Permanent racing and test tracks for motorised vehicles;

b) Installations for the disposal of waste (projects not included in Category A);

c) Waste-water treatment plants (projects not included in Category A);

d) Sludge-deposition sites;

e) Storage of scrap iron, including scrap vehicles;

f) Test benches for engines, turbines or reactors;

g) Installations for the manufacture of artificial mineral fibres;

h) Installations for the recovery or destruction of explosive substances;

i) Knackers' yards.

12. TOURISM AND LEISURE

a) Ski runs, ski lifts and cable cars and associated developments;

b) Marinas;

c) Holiday villages and hotel complexes outside urban areas and associated developments;

d) Permanent campsites and caravan sites;

e) Theme parks.

13. a) Any change or extension of projects listed in Category A or Category B, already authorised, executed or in the process of being executed, which may have significant adverse effects on the environment (change or extension not included in Category A);

b) Projects in Category A, undertaken exclusively or mainly for the development and testing of new methods or products and not used for more than two years.

Screening criteria for Category B projects

The screening criteria below, or those defined in the applicable national legislation, have to be applied to determine if a Category B project requires an EIA.[14]

CRITERIA	GUIDING QUESTIONS
1. Characteristics of projects The characteristics of projects must be considered, with particular regard to:	
a) the size and design of the whole project; **b)** cumulation with other existing and/or approved projects; **c)** the use of natural resources, in particular land, soil, water and biodiversity; **d)** the production of waste; **e)** pollution and nuisances; **f)** the risk of major accidents and/or disasters which are relevant to the project concerned, including those caused by climate change, in accordance with scientific knowledge; **g)** the risks to human health (for example due to water contamination or air pollution)	• Is there a possibility of cumulation of the likely impacts on environment and health with other existing and/or approved projects? • Is the action likely to require (during or after implementation) significant amounts of water, wood, minerals, other materials or natural resources? (Note that the availability, productivity or regeneration of these resources may be threatened by the effects of climate change). • Is the action likely to result in the production of significant quantities of waste, especially of hazardous wastes? Are there appropriate facilities in the country for the recycling and treatment of such waste? • Is the action likely to produce significant amounts of liquid effluents or air pollutants, including greenhouse gases, during construction and/or operation? Are the quantities and concentrations of these emissions likely to exceed national and international environmental standards? • Is the action likely to produce significant environmental nuisance (e.g. noise, odours, vibration, visual impact)? • Is the action likely to affect important water bodies or significantly affect water regimes? (e.g. due to intensive water extraction, polluting effluents, land use change, removal of vegetation that would increase sediment load of water bodies). • Is the action likely to require significant accommodation or service amenities to support the workforce (during or after construction)? • Is the action likely to require significant use of fertilisers, pesticides or other chemicals? • Is the action likely to include the introduction of genetically modified organisms or invasive species? • Is the action likely to attract or displace a significant population and economic activities? • Is the action likely to promote (directly or indirectly) new settlements, including irregular settlements? (e.g. associated to the construction of roads). • Is the action likely to cause significant soil erosion or degradation, considering its activities and its location on steep slopes or vulnerable soils? (Note that this could lead to increased local vulnerability to the possible combined effects of climate change and other pressures). • Is the action likely to significantly affect particular ecosystems, such as natural forests, wetlands, coral reefs, mangroves? (Note that this may lead to weakening ecosystems resilience to the effects of climate variability and change). • Are there other foreseen interventions in the area that are likely to affect the same environmental and socio-economic variables likely to be impacted by the action, such that the cumulative adverse impacts are likely to be significant? • Will the action constitute a risk for the surrounding environment and population (e.g. risk of explosion, risk of accidental release of polluting or hazardous substances), taking into account also the expected effects of climate change? • Can the feasibility and effectiveness of the action be significantly affected by climate change or existing/expected environmental degradation?

14 These are the selection criteria presented in Annex III of the EIA directive.

CRITERIA	GUIDING QUESTIONS
2. Location of projects The environmental sensitivity of geographical areas likely to be affected by projects must be considered, with particular regard to:	
a) the existing and approved land use; **b)** the relative abundance, availability, quality and regenerative capacity of natural resources (including soil, land, water and biodiversity) in the area and its underground; **c)** the absorption capacity of the natural environment, paying particular attention to the following areas: **i.** wetlands, riparian areas, river mouths; **ii.** coastal zones and the marine environment; **iii.** mountain and forest areas; **iv.** nature reserves and parks; **d)** areas classified or protected under national legislation; **e)** areas in which there has already been a failure to meet the environmental quality standards, laid down in national legislation and relevant to the project, or in which it is considered that there is such a failure; **f)** densely populated areas; **g)** landscapes and sites of historical, cultural or archaeological significance.	• Is the action located inside or close to a protected area or other areas classified as vulnerable, and is it likely to affect its integrity and quality directly or indirectly? (e.g. roads can facilitate access to valuable natural resources and to poaching; linear projects can cut biological corridors, effluent discharges and run off of polluting substances can affect water quality and ecosystems downstream)? • Is the action compatible with existing and approved land uses? • Is the action likely to require the acquisition or conversion of significant areas of land that are important for ecosystem services? (e.g. for soil and water conservation, habitats, flood regulation, natural sea defences, recreation). • Will the action be located in areas classified or protected under national legislation or in the areas in which there has already been a failure to meet the environmental quality standards? • Will the action be located in a site where it can significantly affect surface waters or groundwater (its quantity and/or quality)? • Will the intervention be located in a densely populated area and likely to produce significant nuisances such as air pollution, noise, vibration and odours? • Will the intervention be located in or close to a site of high cultural or scenic value?

CRITERIA	GUIDING QUESTIONS
3. Type and characteristics of the potential impact The likely significant effects of projects on the environment must be considered in relation to criteria set out in points 1 and 2 above, with regard to the impacts of the intervention on the following factors:	
a) population and human health;	
b) biodiversity, with particular attention to species and habitats protected under national legislation or international convention and treaties;	
c) land, soil, water, air and climate;	
d) material assets, cultural heritage and the landscape;	
e) the interaction between the factors referred to in points (a) to (d).	
Taking into account:	
a) the magnitude and spatial extent of the impact (for example geographical area and size of the population likely to be affected);	
b) the nature of the impact;	
c) the transboundary nature of the impact;	
d) the intensity and complexity of the impact;	
e) the probability of the impact;	
f) the expected onset, duration, frequency and reversibility of the impact;	
g) the cumulation of the impact with the impact of other existing and/or approved projects; the possibility of effectively reducing the impact.	

PART C: CRA SCREENING

The purpose of a climate risk screening is to identify and assess potential climate change related risks -current and future- that may affect the achievement of the project objectives. The findings of the screening will help determine if the design of the action would require a more detailed Climate Risk Assessment (CRA). For each significant risk identified, relevant adaptation measures should be considered and assessed.

If a Climate Risk Assessment is required, it can either be prepared as a stand-alone assessment, or integrated in the scope of an Environmental Impact Assessment (EIA).

Please go through the screening questionnaire to complete the CRA screening table below. **Annex 5** provides links to useful sources of data on climate risks, including Climate Risk Regional or Country Profiles.

Q1: What timescale is relevant to the intervention?

Explanation: This is used to determine the time-horizon of the climate analysis. The answer should focus on how long the project outcomes are expected to last. This is different from the project implementation period.

This question helps to determine if the project will be able to regularly monitor climate change impacts, to adjust its level of resilience as and when needed during its lifetime (e.g. in the context of a project addressing flood impacts, by gradually increasing the height of flood defence systems).

Q2: In this timescale, which climate-related hazards are relevant? What is the likelihood that they occur?

The identified hazards should cover both extreme events and chronic stresses caused by climate change (the climate-related hazards) as well as additional hazards and their underlying drivers. Please provide an estimate of their likelihood using the table below, using the categories: 'Likely', 'Unlikely', 'Highly unlikely'.

The following guidance can be used to determine Likelihood. Keep in mind that **Likelihood must be assessed taking into account the climatic parameters expected with climate change during the lifespan of the project.**

- **Likely:** Expected to occur recurrently during the lifespan of the project
- **Unlikely:** Very low or low occurrence during the lifespan of the project
- **Highly unlikely:** Remote possibility that it occurs during the lifespan of the project

Annex 5 of the Toolbox provides sources of information and analysis on the expected impacts of climate change.

Q3: How significant are their potential consequences?

Please identify the likely consequences expected if the hazards identified occur. Likely consequences should be estimated for: (1) the project itself, (2) natural systems (e.g. ecosystems) and (3) assets and persons (e.g. water infrastructure, humans and their livelihoods, etc.). In the table, indicate if the consequences are expected to be: (1) Extremely harmful, (2) Harmful or (3) Slightly harmful.

The following guidance can be used to determine potential consequences:

- **Extremely harmful:** The impacts require significant financial resources to repair, and these are unlikely to be readily available by the affected parties (e.g. the project, public authorities, the population); impacts can be irreversible and long-term action is likely to be required to address impacts. Impacts under this category can include: loss of life, destruction or significant damage to infrastructure, irreversible damage to ecosystems.
- **Harmful:** The impacts require important financial resources to repair; the original state (e.g. of infrastructure, ecosystems, livelihoods) can be generally (but maybe not always) restored in the medium term.
- **Slightly harmful:** The impacts can be easily repaired at low or minor cost; the original state (e.g. of infrastructure, ecosystems, livelihoods) can be restored in the short term.

Based on the above, complete the column on **Estimated Risk Level** in the CRA screening table to indicate the significance of the risks that could compromise the achievement of the activity with the help of the matrix provided below.

	Slightly harmful	Harmful	Extremely harmful
Likely	🟠	🔴	🔴
Unlikely	🟢	🟠	🔴
Highly unlikely	🟢	🟢	🟠

🟢 Low risk 🟠 Medium risk 🔴 High risk

If the screening indicates that the action faces medium or high risks, those involved in the design and monitoring of the action should be alerted to ensure that the design and implementation of the action properly takes the expected risks over its lifetime into account.

Partners involved in the action should also be informed on the identified risks and take them into account. When it comes to climate change, the action beneficiaries/partners should be made fully aware that they should not base the action design and implementation arrangements on the historic experience and data only and that the existing design norms and standards that have evolved over past decades may not sufficiently reflect the expected changes in the future climatic conditions.

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What hazards associated with climate change and other hazards could be expected during the timespan of the action?		**What is the Likelihood that the hazards occur?** (Likely/ Unlikely/ Highly Unlikely)	**How severe could be the potential consequences of these hazards for:** **(Extremely harmful / Harmful / Slightly harmful)**			**Estimated Risk level**
Category	Hazards		Proposed activity	Ecosystems	Assets & people	(L/M/H)
Heat	• Increasing temperature (slow onset) • Heatwaves (rapid onset)					
Dry	• Increasing aridity (slow onset) • Droughts (rapid onset) • Fire					
Wet	• Decreasing/ increasing/ more variable precipitation (slow onset) • Extreme precipitation (rapid onset) • Flash floods, Floods (rapid onset)					
Wind	• Tornados, Tropical storms, Hurricanes, Cyclones (rapid onset)					
Coast/ Ocean	• Rising sea level, coastal erosion, saltwater intrusion (slow onset) • Storm surges (rapid onset) • Ocean warming (slow onset) • Ocean acidification (slow onset) • Algal blooms (rapid onset)					

What hazards associated with climate change and other hazards could be expected during the timespan of the action?		**What is the Likelihood that the hazards occur?** (Likely/ Unlikely/ Highly Unlikely)	**How severe could be the potential consequences of these hazards for:** **(Extremely harmful / Harmful / Slightly harmful)**			**Estimated Risk level**
Category	Hazards		Proposed activity	Ecosystems	Assets & people	(L/M/H)
Snow & Ice	• Snowstorms (rapid onset) • Cold spells (rapid onset) • Receding glaciers, snow cover, permafrost (slow onset)					
Geo	• Landslides, mudslides, avalanches					
Env	• Loss of biodiversity & ecosystem services • Soil degradation and desertification					
Bio / Chem	• Pest and disease outbreaks (crops) • Invasive species • Infectious diseases (human /animal)					
Tech	• Construction / Structural failure/ Infrastructure failure (rapid onset)					
Societal	• Financial shocks • Societal conflicts					

Once the project documentation is updated with stakeholder feedback, *please answer the following questions.*

Q4: Can the proposed action be made resilient to these risks, or can it be modified to respond to these hazards when they arise? Notably, could the action be made more resilient with nature-enhancing measures?

Please identify adaptation solutions to ensure climate resilience at the level of the action. These should address any climate change concerns that may have been identified through this screening process.

The design of the action should be modified to eliminate any High risk, and efforts should be made to introduce design features that reduce medium risks. Risk mitigation measures should be put in place to manage low and (especially) medium risks.

The level of risk can be reduced be either reducing the likelihood of hazards occurring (e.g. stabilisation of slopes through afforestation to reduce the likelihood of landslides, increasing green areas in urban centres to reduce temperature peaks) or by reducing the consequences in case they occur (e.g. higher bridges will be less prone to be washed away by a flash flood, locating infrastructure outside flood-prone areas, increasing resistance of infrastructure to higher wind speeds, use of drought-resistant crop varieties).

If the solutions are sufficient to reduce the level of climate-related risks to levels that can be addressed by simple risk management systems, then the reply is YES. In this case, there is no need for further climate assessment.

Should the action face any outstanding high risks that cannot be managed as part of the design and/or implementation, or in case of doubt, the answer is NO. The project Identification team considers the project at risk from climate change, depending on the degree of exposure of its individual components. In this case, there are two possibilities:

- If an EIA or an SEA is foreseen, it shall be designed to explicitly consider the project's vulnerability to climate change;
- If an EIA or SEA are not foreseen, a specific CRA should be launched, considering the specific hazards, exposure and vulnerability of the action.

ANNEX 5. SOURCES TO UNDERSTAND THE ENVIRONMENT, CLIMATE CHANGE AND NATURAL HAZARDS RISK CONTEXT

An understanding of the key environmental and climate change issues related to a given country or region is important to make the most of opportunities to green EU cooperation programmes. This annex provides links to basic sources of information.

Environment

- EU supported Country Environmental Profiles (CEPs)[8] and Regional Environmental Profiles (REPs)[9]
- UNEP/EU Interactive Country Fiches. Provide a system of interactive and updatable environmental profiles for the analysis of environmental situations and performances around the world (UN Environment Programme & European Commission, n.d.).[21]
- UN environmental statistics – country snapshots (UN Statistics Division, n.d.).[22]
- Environmental Performance Index (EPI) - a data-driven summary of the state of sustainability (Yale Center for Environmental Law & Policy, 2024).[23]
- Land use – FAO country statistics and indicators (FAO, 2022)[24]
- Global Forest resources - country assessments (FAO, 2025)[25]
- State of the marine environment (von Schuckmann et al. 2025)[26]

Biodiversity

- NaturAfrica: The Green Deal approach for EU support to biodiversity conservation in Africa (European Commission, DG INTPA, 2021)[27]
- Inputs for a strategic approach to biodiversity conservation:
  - > In Latin America and the Caribbean (Larger than jaguars, European Commission, DG INTPA, 2022)[28]
  - > In Asia (Larger than tigers, European Commission, DG DEVCO, 2019)[29]
  - > In Africa (Larger than elephants, European Commission, DG DEVCO, 2016)[30]
- National Biodiversity Strategies and Action Plans (NBSAPs). Section VII of each Sixth National Report includes an updated biodiversity profile containing biodiversity facts and information on NBSAP implementation (SCBD, n.d.-a).[31]
- Maps on the status of implementation of each Aichi target (SCBD, n.d.-b).[32]
- Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. Includes regional and thematic assessments on the status of ecosystems (IPBES, n.d.).[33]
- Endangered and threatened species:
  - > Information on taxonomy, legislation, distribution and trade in species listed in multilateral environmental agreements notably the Convention on International Trade in Endangered Species of Wild Fauna and Flora (UNEP-WCMC & CITES Secretariat, n.d.)[34]
  - > The Red List Index (RLI), trends in overall extinction risk for species (IUCN, n.d.)[35]

Desertification

- Country profiles of parties to the UNCCD, to maintain and restore land and soil productivity, and to mitigate the effects of drought (UNCCD, n.d.)[3]

Climate Change

- National Communications to the UNFCCC (n.d.-b)[36]
- Registry of Nationally Determined Contributions (NDC) (UNFCCC, n.d.-c)[37]
- World Bank Country Climate and Development Reports (CCDR) (World Bank Group, n.d.-b)[6]
- Copernicus climate change service (n.d.)[38]
- Global Adaptation Index (ND-GAIN) on vulnerability and preparedness to climate change (n.d.)[39]
- Health and climate change country profiles (WHO, n.d.)[40]
- Climate Risk Regional or Country Profiles by international actors
  - > World Bank Group (n.d-c)[41]
  - > Asian Development Bank (n.d.)[42]
  - > African Development Bank (n.d.)[43]

Disaster Risk Reduction

- INFORM, quantitative analysis relevant to humanitarian crises and disasters (European Commission, JRC, 2025).[44]
- UNDRR risk country profiles (search: profile)[45]
- GFDRR risk country profiles (select: Content / click: Country Profile)[46]
- National Sendai Framework platforms (UNDRR, 2025-b)[47]

ANNEX 6. MODEL TERMS OF REFERENCE FOR A STRATEGIC ENVIRONMENTAL ASSESSMENT

Terms of reference for the Strategic Environmental Assessment of (name of the strategic/planning document and/or EU support programme) in (country/region)

BACKGROUND

This section should enable to get an understanding of the subject of the SEA i.e. the strategic document or the EU budgetary or strategic level support, and its relevant preparation process, and thus allow to outline an approach to the SEA, compose the team with appropriate expertise, and to estimate the budget.

RATIONALE

A Strategic Environmental Assessment (SEA) is required for the preparation of *(name of the EU sector support programme)* and/or as support to *(name of the partner country/region policy/strategy/planning document).*

Explain the status of the strategic document and EU support programme subject of the SEA, e.g. if it is being developed, updated or already under implementation. Explain the reasons why an SEA is required and how the outcomes of the SEA will be considered – i.e. informing policy development/strategic planning or their update, informing the implementation of the strategic document, informing the development of investment plans or pipelines; and/or informing the preparation of the support to be provided by the EU.

If the SEA is prepared in the context of a sector budget support, reference should be made to the need to ensure that the sector strategy being supported is environmentally sustainable and that compliance with the 'do no harm' principle should be ensured. Reference should also be made to the need to align EU support to the Global Gateway and European Green Deal and maximise opportunities for the EU support to promote an environmentally sustainable, low carbon and climate resilient development of the sector.

1. Main features of the strategic document and/or EU support programme

Briefly provide the following information regarding the strategic document and/or EU support programme subject to SEA:

- *Level of the strategic document (national, regional).*
- *Sector and geographical area covered by the strategic document and/or EU support programme.*
- *State of the strategic document and/or EU support programme (e.g. under preparation, under revision, under implementation).*
- *Main priorities and objectives as well as specific activities or projects covered by the strategic document and/or EU support programme and that will be subject of the SEA (keeping in mind that the SEA does not necessarily have to cover the whole scope of the strategic document).*
- *Main alternatives being considered in the planning / policy-making process for the sector strategy, or by the EU delegation (in relation to the preparation of the EU support programme).*

Preparation process of the strategic document and/or of the EU support programme

The following information is important to properly outline the approach and workplan for the SEA. Not all points may be relevant, depending on the state of the strategic document.

- *Steps and milestones for the preparation and approval of the strategic/planning document and/or the EU support programme.*
- *Who will coordinate and supervise the preparation process, who will do the actual drafting.*
- *Any analyses being (or to be) conducted as a part of the preparation process.*

- *Consultations with relevant stakeholders to be carried out as a part of the preparation process.*
- *Governmental body responsible for adoption or approval of the strategic document.*

2. Objectives of the SEA

The objective of this SEA is to inform the decision-makers (in the partner country as well as the EU and other donors, and in case of potential transboundary impacts the affected third countries) on the potential significant environmental, climate and social challenges and opportunities related to the *(name of the strategic document, investment plan and/or EU support programme).*

This includes the identification of potential significant impacts on the environment and climate that may result from the implementation of the strategic document, investment plan and/or EU support programme; the identification of measures to avoid or minimize adverse impacts and to maximize positive impacts.

The SEA will also identify the challenges that environmental degradation and climate change pose to the sustainability and feasibility of the strategy and/or EU support programme and identify measures to be integrated in the strategic document and/or EU support programme to take them into account and enhance their resilience.

The SEA will thus provide elements that will contribute to enhance the state of the environment and health, build climate resilience of the sector and the population, contribute to disaster risk reduction, and promote low carbon development and the transition to a green economy.

3. Main activities and deliverables

The following main activities will be performed during the SEA:

3.1. General activities

- Overall coordination of the SEA, including communication with the EU delegation, and the governmental body responsible for the strategic document and, if relevant, the SEA Competent Authority (to be specified according to the national SEA legislation or system).
- Coordination of the stakeholders' participation, including identification of relevant stakeholders, facilitation of their involvement throughout the SEA process, and ensuring that comments and suggestions received are given due consideration.

3.2. Specific activities

- Preparation of the SEA approach, methodology and workplan.
- Conducting the SEA scoping, including consultations with key stakeholders including, inter alia,
  - > Literature review
  - > Fact finding/data collection
  - > Review of prior public consultations (if relevant and accessible)
  - > Identification of stakeholders
  - > Engagement of stakeholders
  - > Site visits
  - > Analysis
- Preparation of the scoping report, including validation of its findings through a workshop and consultation of key stakeholders.
- Refinement of the SEA approach, methodology and workplan based on scoping outcomes and feedback from (indicate relevant actors that will review the scoping report).
- Conducting the SEA study, including consultations with key stakeholders including, inter alia,
  - > Fact finding/data collection

  - Site visits
  - Engagement of stakeholders
  - Identification and detailed analysis of potential environmental and climate-related risks, impacts, constraints and opportunities
  - Identification of measures to avoid, minimise and offset adverse impacts on environment, on climate and on climate vulnerability; as well as to maximise positive impacts and enhance the sustainability of the sector strategy
- Preparation of the draft SEA report.
- Carrying out consultations on the strategic document and the draft SEA report (depending on the objectives of the SEA, the strategic document may not be subject to consultation).
- Preparation of the final SEA report (integrating feedback from the consultations).

3.3. Reports

The SEA is composed of two parts: a scoping study and an SEA study proper. The scoping study will define the key issues that need to be addressed in the SEA study, considering the specific context in which the support is being developed and is likely to be implemented. Detailed activities and calendar for the SEA study will be determined based on the conclusions of the scoping study.

Key deliverables are as follows:

- SEA approach, methodology and workplan.
- Scoping report (see the details below).
- Draft SEA report (see the details below).
- Final SEA report.

3.4. Other deliverables

- Presentations for the consultation workshop(s).
- Minutes of the consultation workshop(s).

4. Outline of the scoping and SEA reports

4.1. Information to be provided in the scoping report

The indicative length of the scoping report is 25 pages.

The following text should appear on the inside front cover of the report:

This report is financed by the European Union and is presented by the (name of consultants/consortium) *for* (national institution) *and the European Union. It does not necessarily reflect the opinion of (national institution) or the European Union.*

The scoping report should outline:

- The alternatives or options that should be addressed in the SEA study.
- The key environmental and climate aspects to be examined in the SEA study, the spatial boundaries that will be covered for the different aspects, and the depth or detail of the information and data to be used
- Analytical methods and tools to be used, as well as sources of relevant data.
- Key stakeholders to be consulted (including environmental, climate and health authorities and CSOs, as well as the public).
- The level and nature of stakeholder involvement in the SEA procedure and participatory approaches and methods.

- SEA work-plan and timescale, taking into account the available resources.

Considering the above, the following information should be provided in the scoping report:

- Executive summary
- Introduction
  - > Purpose and objectives of the scoping and scoping report
  - > Approach to scoping
- Information about the context and the strategic document/ investment plan / EU support programme subject to SEA (see section 1 above), including:
  - > A brief description of the relevant strategic planning process and the entry points for the integration of environment, and climate change aspects.
  - > If relevant, a short description of the strategic alternatives being considered in the planning process. (These can be defined by the planning entity/EU delegation or proposed by the consultants).
- The specific policy making/planning decisions and processes that will be informed by the SEA; institutional, policy and regulatory framework.
  - > A brief description of the policy, institutional and regulatory framework relating to the sector, including relevant environmental and climate policy and legislation.
  - > Overview of the environmental and climate objectives relevant to the sector: these objectives should be optimally taken from official strategic documents at the international, national, and/or local/ municipal levels. Typically, they include e.g. national environmental strategy and action plan, National Biodiversity Strategy and Action Plan (NBSAP), Nationally Determined Contributions to the Paris Agreement (NDC), etc.
  - > Overview of relevant environmental and climate objectives and criteria at EU level against which the sector strategy / EU support programme should also be measured (e.g. excluded activities under Article 29 of the NDICI-GE Regulation, European Green Deal, MIP objectives and indicators).
- Overview of the environmental and climate change context, of relevance to the sector, including:
  - > Brief description of the main environmental and climate-related issues in the likely affected area (e.g. main sources of water pollution or biodiversity decline).
  - > Brief description of existing and planned future activities with a potential to create cumulative impacts with the proposed strategic document and/or EU support programme.
  - > Brief description of the current and expected impacts of climate change in the area of influence of the strategic document and/or EU support programme.
  - > Outline of the trends and drivers for the key issues identified i.e. main factors affecting situation so far (e.g. agriculture can be a major source of the water pollution, poaching a key source of biodiversity decline, etc.)
  - > An overview of sensitive areas or hotspots relevant for a given environmental or climate-related topic e.g. areas with unsatisfactory water quality or availability, nature-protected areas, areas prone to erosion and/or floods, etc. This section can use maps and schemes. If the area cannot be clearly determined, at least a 'type of area' should be described (e.g. 'river sections downstream to large cities can be considered a geographic area of water pollution by municipal waste waters').
- Main gaps in the existing information and data needed for further analyses of the likely effects.
- Overview of the characteristics of environmental and climate aspects likely to be significantly affected by the implementation of the sector strategy and/or EU support programme, indicating the potential causal link with the sector strategy *(Note: the list below needs to be adjusted to the strategic document subject of the SEA. The key is to focus the analysis and SEA on relevant areas and issues, not to provide a thorough overview for all environmental components and aspects):*
  - > Climate (i.e. greenhouse gas emissions and degradation of carbon sinks) and climate change vulnerability
  - > Air quality
  - > Geology, land, and soil (including land use, soil degradation, and pollution)

  - Water quantity, i.e. river basins including transboundary linkages, lakes and other surface waters and groundwater aquifers (rate of renewal); water use and allocation; quality of water resources, main types and sources of pollution. Waste and wastewater management
  - Ecosystems and biodiversity, including protected areas and protected species; ecosystem services and their uses / users (dependency, vulnerability, status)
  - Culture heritage
  - Key social aspects (poverty, vulnerable groups, gender issues, education and training, etc.)
  - Environmental health
  - Nuisances (e.g. odour, vibrations, visual impacts)
- Overview of the state of the natural resources and climatic conditions necessary for the development of the sector and for the effective implementation of the strategic document and/or EU support programme (e.g. water availability for electricity production, quality of soils for agricultural production, predictability of rainfall).
- Initial identification of the key environmental and climate issues relevant to the strategic document and/or EU support programme, which will be addressed in SEA study, in the light of:
  - Potential significant impacts on the environment, significant contributions to greenhouse gas emissions (in relation to national emissions), and increased climate change vulnerability associated to the implementation of the strategic document.
  - Key environmental, natural resources and climate change aspects that impinge on sector performance and are not adequately addressed by the strategic document.
  - Key opportunities for the strategic document to make a significant contribution to environmental sustainability, climate resilience, low carbon development and the transition to a green and circular economy, including through the adoption of nature-based solutions.
  - Potential conflicts between the sector strategic document and environmental and climate change policy objectives (at national or sub-national level, as well as those of the EU).
- Depending on expected impacts on society and the scope of other studies, there is also a need to determine the extent to which social impacts should be assessed[15], notably from the perspective of livelihoods, poverty reduction, gender-related impacts, and the position of vulnerable groups.
- Analyses and surveys to be conducted during the SEA, methods and tools to be used, as well as sources of relevant data: Special attention should be given to identifying those environmental interactions that will require quantitative analyses and those for which qualitative analyses should be carried out.
- Identification of relevant stakeholders, including the public, to be involved in the SEA; and the consultation plan.
- Results of the stakeholders' workshop validating the key issues identified and to be addressed in the SEA study.
- Revised calendar for the completion of the SEA study.

4.2. Information to be provided in the SEA study report

The indicative length of the SEA report is 100 pages.

The following text should appear on the inside front cover of the report:

This report is financed by the European Union and is presented by the (name of consultants/consortium) for (national institution) and the European Union. It does not necessarily reflect the opinion of (national institution) or the European Union.

15 In this case, likely impacts on the population should be disaggregated by gender, age, or other relevant social criteria.

The SEA report will be based on the results of the scoping phase and should include:

- An environmental and climate baseline study.
- Identification of significant environmental and climate change risks, constraints and opportunities (largely informed by the scoping study but validated at this stage).
- Identification and assessment of the potential significant environmental and climate-related impacts, and mechanisms/approaches to avoid or minimize the potential adverse effects and maximise the positive ones.
- Description of how negative and positive effects will affect different groups in society; in other words, who are the winners and who are the losers (with special attention to vulnerable groups and gender division).
- The identification of options for the strategic document and/or EU support programme to make positive contributions to environmental sustainability, climate resilience, low-carbon development and the transition to a green and circular economy.
- An analysis of the performance indicators of the strategic document and/or EU support programme, and appreciation of the institutional capacities to address the environmental and climate change challenges identified.

The contents of the SEA report are as follows:

- Executive summary
- Introduction
  - > Purpose and objectives of the SEA and the SEA report
  - > SEA approach and methodology, methods and tools used: A description of how the assessment was undertaken, any difficulties (such as technical deficiencies, lack of cooperation by key stakeholders) encountered in compiling the required information.
  - > A description of gaps in data and information and how these have been addressed in the assessment.
- Information about the context and the strategic document / EU support programme subject to SEA (see section 1 above) including:
  - > A brief description of the relevant strategic planning process and the entry points for the integration of environment and climate change aspects.
  - > If relevant, a short description of the strategic alternatives being considered in the planning process. (These can be defined by the planning entity/EU delegation, proposed by the consultants, or preferably developed in a participatory process with relevant stakeholders).
  - > Relationship of the strategic document to other strategic planning documents.
  - > The specific policy making/planning decisions and processes that will be informed by the SEA.
- Outcomes of scoping, i.e. the key environmental and climate change aspects identified and subject of the SEA study, and the results of the scoping consultations (including explanation how comments and suggestions raised during scoping have been addressed in the SEA Report).
- Environmental and climate baseline, focusing on the key environmental and climate components identified during scoping and necessary to understand the key issues identified, as well as on the geographical areas relevant to each variable.
  - > The state of the key environment and climate-related aspects and the likely evolution without implementation of the strategic document (i.e. 'business as usual' scenario), taking into account the effects of climate change (to the extent that they can be predicted with some reliability), as well as other approved plans and development projects affecting the areas in question;
  - > An overview of the key drivers of environmental degradation affecting the quality of the key environmental and climate aspects identified.
  - > A description of the environmental and climate-related objectives established at national and international levels relevant to the strategic document, as well as relevant EU environmental and climate

objectives and criteria (e.g. excluded activities under Article 29 of the NDICI-GE Regulation, European Green Deal, MIP objectives and indicators).

- A description of the likely significant effects expected from the implementation of the strategic document and/or EU support programme on the environment and climate, including (as identified in the scoping phase) biodiversity, population, human health, fauna, flora, soil, water, air, climatic factors, greenhouse gas emissions, vulnerability to climate change, material assets, cultural heritage, landscape, livelihoods, etc., as well as the interrelationship between the above factors (the likely effects to be examined should include secondary, cumulative, short-, medium- and long-term permanent and temporary, positive and negative effects, and possible transboundary effects). The causal links (direct and indirect) should be explained.
- The measures and/or strategic options envisaged to avoid, minimise, offset (in that order of priority) any significant adverse effects on the environment and climate (mitigation and adaptation) of implementing the strategic document, including possible alternative options to be considered in the strategic document and/or EU support programme.
- A description of measures and/or strategic options to bring about net-gains to environmental sustainability, climate resilience and low carbon development, including options to phase-out environmentally harmful subsidies to fossil fuels, and the promotion of nature-based solutions.
- A description of measures and/or strategic options to maximise positive impacts on environment and climate (mitigation and adaptation) expected from the implementation of the strategic document and/or the EU support programme. A description of measures and/or strategic options necessary to provide an adequate response to the environment degradation processes and climate change that have an impact on the sector's performance and the effectiveness of the strategic document and/or the EU support programme.
- (If relevant) evaluation and comparison of the alternatives of the strategic document from an environmental and climate (mitigation and adaptation) impacts point of view. A justified recommendation on the best alternative.
- A description of the adequacy of the institutional, policy and regulatory framework to address the potential key environmental and climate change challenges and opportunities related to the implementation of the strategic document. This includes the institutional capacity to perform the required tasks.
- A description of the adequacy of the performance indicators of the strategic document and/or the EU support programme to reflect key environmental and climate concerns, taking into account potential conflicts with existing environmental and climate objectives and indicators at national, sectoral and EU levels.
- A description of proposed indicators and measures to monitor the adverse environmental and climate effects that may arise during the implementation of the strategic document, and that should be integrated in the set of performance indicators of the strategic document and/or the EU support programme.
- Conclusions – a summary of the main recommendations which should be considered in decision-making and implementation of the strategic document and/or the EU support programme:
  - > This section will summarise the key environmental and climate-related issues for the sector, including policy and institutional constraints, challenges and main recommendations.
  - > Recommendations should be made on how to optimise positive impacts, produce net gains on environment and climate change (mitigation and adaptation), and on how to avoid, mitigate and/or offset adverse effects, adapt to environmental and climate constraints and manage risks.
  - > Recommendation can suggest the selection of an alternative (in cases where more than one alternative is envisaged), potential changes in the design of the sector strategic document and/or the EU support programme, implementation and monitoring modalities, or cooperation actions.
  - > Recommendations to enhance the sector strategic document should be distinguished from those for the formulation of the EU support. The recommendations for enhancing the sector strategic document should be incorporated in the policy dialogue of the EU with the partner government. Recommendations to the EU for the formulation of its sector support programme may outline complementary measures to address specific weaknesses in the environmental and climate change institutional, legal and policy framework.

5. Organisation of the stakeholder consultations and participation process

The objective of stakeholder consultations and participation in SEA is to create a transparent process and provide for early, timely and effective opportunity to all relevant stakeholders so that they can contribute their inputs into the SEA process, when options and alternatives are open.

Identify and invite key stakeholders into the process. These should include, but not limited to, environmental and health governmental agencies, climate change related institutions, non-governmental organisations, the public and the public concerned, including those groups potentially affected by the implementation of the strategic document. Particular attention should be paid to involving typically less represented groups such as women, indigenous peoples, minority groups and vulnerable groups.

Organise consultations during scoping and the SEA study phase and make the draft scoping report and draft SEA report publicly available for review, by means of written comments and/or preferably by means of consultation workshops. (Think of local language summary translations!)

Collect comments, questions and suggestions – both submitted in writing as well as those verbally raised and report on these in the SEA report. Indicate how the values and attitudes of the public towards the plan or programme are reflected in the SEA. Indicate how their involvement during the implementation of the plan or programme after its approval is organised.

Provide suggestions for relevant additional consultations based on stakeholders' interests and concerns – this may include ad hoc meetings with the vulnerable groups, working sessions with NGOs and CSOs, etc.

To increase effectivity of the consultations, it may be recommended to include an 'education' component in the stakeholder engagement process (to promote participation in contexts where the public are not used to engage in participatory processes).

6. SEA workplan

The timing below is tentative and may be adjusted following possible changes of the planning process, as well as to the context of the SEA in question. It needs to be emphasised that if the SEA is carried out parallel to or integrated in the preparation of the strategic document, the SEA activities should – to a large extent – follow the planning steps. Such approach maximises the chances that the SEA recommendations will be integrated in the strategic document during its preparation.

The indicative timing for the SEA is as follows:

- SEA approach, methodology, workplan and stakeholders' engagement plan: within two weeks after kick-off
- Draft scoping report: within two months after initiating the work on SEA
- Stakeholders' workshop: within two weeks after completing the draft scoping report
- Final scoping report: within two weeks after receiving comments on the draft report
- Draft SEA report: within 4 months after approval of the scoping report
- Consultations on the draft strategic document and the draft SEA report (as relevant, according to the context of the SEA): within 2 months after publishing the draft strategic document and the draft SEA report
- Final SEA report: within 1 month after the consultations on the draft SEA report

The consultants must adjust and provide their detailed workplan.

Normally at least two missions should be foreseen, one for the scoping phase and another for the SEA study phase. Provision should be included for site visits and attendance to consultation workshops.

7. Expertise required

The team will consist of *(number)* experts: a Team Leader (senior expert), *(number)* sectoral, environmental and climate experts (senior and/or junior) and *(complete as necessary, e.g. an expert on social impacts, on a specific environmental issue, on GIS mapping, or on public consultations).*

The Team Leader must have, at least, a master's degree in a relevant area, such as environment, climate change or natural resources management with at least 10 years of relevant professional experience. (S)he will have proven experience in the preparation of SEAs, preferably in the context of EU development cooperation. (S)he must have experience as team leader in at least 3 assignments, preferably one of which for an SEA. (S)he must have good knowledge of the EU interventions cycle. Experience in the sector, country and region will be an asset.

The sectoral, environmental and/or climate experts *(specify sector, or theme)* must have, at least, a master's degree in a relevant area *(specify)* with at least 10 years of relevant professional experience in *(specify subject areas)*. (S)he must have proven experience in *(specify country or region)*. Participation in Strategic Environmental Assessments and knowledge of the EU interventions cycle will be an asset.

All experts must be fluent in *(English, French, Spanish, Portuguese)* and at least one expert must be fluent in *(specify local language, if relevant).*

(This section is to be adapted and completed based on the required expertise)

For each expert proposed, a *curriculum vitae* must be provided or no more than *(four)* pages, setting out the relevant qualifications and experience.

8. Reporting

All reports should be submitted in electronic format (Microsoft Word).

The EU will provide compiled feedback to the consultants on the different deliverables no later than two weeks (one week for the SEA approach, methodology and stakeholders engagement plan) after their delivery.

Requirements for hard copies should be avoided, otherwise they should be kept to a minumum, in which case they are to be printed double-sided on recycled or certified paper (for sustainable forestry).

9. Technical proposal

The technical proposal must include an understanding of the terms of reference and a description of the following:

- Proposed general approach to SEA including:
  - An outline of the proposed SEA approach and methodology to be applied, specification of models and analytical methods proposed to be used, etc.
  - Project management including way of communication and coordination with the EU delegation and the focal person for the SEA in the partner government.
  - Consultations with relevant stakeholders.
- The proposed work plan with a detail of the activities and tasks outlined above as well as with any additional activities as considered relevant for the SEA.
- A description of the team following the specifications stipulated above.
- CVs of proposed experts clearly showing that the experts meet the required qualification criteria.

10. Financial proposal

The financial proposal will not exceed maximum budget i.e. *XXX EUR*. It will be structured as follows:

- Expert costs: Following the expertise required, the financial proposal will (i) allocate necessary number of working days for each expert position, (ii) define daily rate for each expert position, and (iii) provide summary of the overall expert costs.
- Direct costs: The direct costs may include the travel costs, administrative support, printing, venue and refreshments for the stakeholder workshops, interpreting, translations etc. A provision must be included for the offsetting of all air travel related greenhouse gas emissions. For each item included in the budget, a short explanation will be provided why this item is needed for the SEA, the costs that will be

allocated, and the overall direct cost will be summarised. Travel by railways or waterways should be prioritised over air travel, whenever feasible.

- Total costs: A sum of the expert and direct costs.

11. Evaluation of the proposal

The proposals will be evaluated using the principle of quality and cost-based selection with a weight of 80 % given to the technical proposal and a weight of 20 % given to the financial proposal.

The following criteria shall be used as a basis for evaluation of technical proposals:

Criteria	**Weight**
Proposed approach	40 %
Proposed work plan	20 %
Team composition	40 %

The level of responsiveness for each criterion shall be rated on a scale using the following discrete grades:

- poor: 40 points
- satisfactory: 70 points
- good: 90 points
- very good: 100 points

The rating of each criterion shall then be weighted and added to give to total score.

The technical proposal shall be considered unsuitable if it fails to achieve a minimum score of 75 out of 100 points and the entire proposal rejected.

ANNEX 7. MODEL TERMS OF REFERENCE FOR AN ENVIRONMENTAL IMPACT ASSESSMENT

Terms of reference for the Environmental Impact Assessment of *(name of the project)* in *(country/region)*

1. Background

(Reference to national EIA legislation and) the European Commission require(s) an Environmental Impact Assessment (EIA) for *(add title of the proposed project).*

The EIA must analyse the potential impacts of the project on the environment and the climate, as well as the risks of climate change on the project, and propose measures to avoid, mitigate and/or compensate the likely adverse impacts, maximise positive impacts and build climate resilience.[16]

The main project features are as follows: *(provide a short description of the project, including the rationale for the project, type of project, location, expected duration of all project phases – construction, operation, and decommissioning, technologies to be employed, life-cycle of the project, etc. Please note that for the analysis of the likely impacts and other analyses, information at least at the level of the feasibility study or at the level of the documentation for the zoning or construction permit will be needed.)*

The following alternatives of the project will be considered in the EIA *(describe all alternatives that have been identified so far and should be considered in the EIA; alternatives may include alternative routes for linear infrastructure, alternative technologies or locations or timing of activities, etc. All alternatives must be technically feasible).*

Existing information on the project and the relevant environmental and social aspects can be found in *(mention available studies and information, including the results of the identification phase, and indicate where/how these documents may be obtained/consulted).* In addition to this EIA, the following studies will also be prepared *(mention any other studies planned in the formulation phase, including feasibility, economic and financial analyses or social impact assessments).*

(Mention also other important background information, such as potential or known projects planned in the same area, key stakeholders, legal requirements and existing SEAs in the sector and/or region).

2. Objective

The EIA will provide decision makers in the partner country and the European Commission with sufficient information to justify, on environmental grounds, the acceptance, modification or rejection of the project *(add name)* for financing and implementation. It will also provide the basis for guiding subsequent actions, which will ensure that the project is carried out taking into account the environmental issues identified.

3. Main activities and deliverables

The EIA Consultants will carry out following main activities:

3.1. General activities

- Overall coordination of the EIA, including communication with the project developer, the EIA Competent Authority and the EU delegation (to be specified according to the national EIA legislation or system).
- Provide cooperation and inputs regarding stakeholders' participation and consultations with relevant authorities as required by the national EIA legislative framework and in accordance with the requirements of these ToR, i.e. to identify relevant stakeholders, deliver presentations at public meetings, consider comments and suggestions in the scoping/EIA reports.

16 It may be decided to include social impacts as part of the scope of the EIA.

3.2. Specific activities

- Preparation of the EIA workplan and stakeholders' engagement plan.
- Preparation of the draft scoping report.
- Scoping consultations.
- Preparation of the final scoping report.
- Preparation of the draft EIA report.
- Providing support to the consultations on the draft EIA report.
- Preparation of the final EIA report (integrating feedback from the consultations and the quality control by the EIA Competent Authority, if applicable).

3.3. Reports

- EIA workplan and stakeholders' engagement plan.
- Draft scoping report (see the details below).
- Final scoping report.
- Draft EIA report (see the details below).
- Final EIA report, including an Environmental Management Plan (EMP).

3.4. Other deliverables

- Presentations for the consultation meetings.
- Minutes of the consultation meetings.

4. Requirements of the EIA workplan and stakeholders' engagement plan

The EIA workplan will provide the detailed timing of the activities specified under points 3.1 and 3.2 above. This will also include the detailed steps in preparation of the draft and final scoping and EIA reports, i.e. preparation of the environmental baseline (considering also necessary field surveys and measurements), analyses of likely impacts, and preparation of the Environmental Management Plan.

The methodologies that will be used during scoping to identify the key potential significant impacts on the environment should be described.[17]

The stakeholders' engagement plan will:

- Identify relevant stakeholders to be involved in the EIA, including environmental and health authorities, other relevant governmental agencies and institutions, the public and public concerned, non-governmental organisations and civil society organisations.
- Propose the means of stakeholders' engagement following the requirements of the national EIA legislation as well as reflecting an international good EIA practice and the provisions of the Aarhus Convention[18]; it should indicate the use of different stakeholder engagement mechanisms[19] in the different stages of the EIA process (UNECE, 1998).[13]

17 These are likely to include tools such as: checklists, cause-effect diagrams, Leopold-type matrices, GIS overlays, stakeholder consultations, and site visits.

18 UNECE Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters.

19 There are a number of potential constraints to effective public participation which may require adapted consultation mechanisms: (i) poverty and remoteness (provide transport or financial compensation); (ii) illiteracy or local language (adapt means of communication); (iii) behavioural norms or cultural practise may inhibit effective participation (e.g. organise separate sessions for women of religious minorities); (iv) confidentiality (can be important for proponent); (v) conflicts between legal system and traditional system creating confusion about rights and responsibilities.

Opportunities for public participation must be meaningful and transparent; all relevant information (including draft scoping and EIA reports) must be publicly available and accessible through an online platform; sufficient time should be allowed for the public to review the relevant reports and prepare their views and positions; public participation should be envisaged as a two-way communication process, and not be limited to informing and/or consulting.

Particular attention should be paid to typically less represented groups such as women, indigenous peoples and minorities. Stakeholders will be engaged in EIA to identify their concerns and values with respect to the project under consideration. This will contribute to the identification of key environmental aspects likely to be affected by the project and will help to confirm the proposed measures to avoid, mitigate or compensate the likely adverse impacts and their effectivity and acceptability.

5. Scoping report

5.1. General requirements

The scoping report will include the information specified below. The draft scoping report will be a submitted for comments to the relevant competent authorities and the EC, and will be subject to stakeholder consultations according to the stakeholders' engagement plan. The comments to the draft scoping report will be taken into account in the EIA report *(it may also be indicated that they should be reflected already in the final scoping report).*

The following text will be inserted on the inside front cover of the scoping report: *This report is financed by the European Commission and is presented by the* (name of consultant) *for* (relevant national institution) *and the European Commission. It does not necessarily reflect the opinion of (relevant national institution) or the European Commission.*

5.2. Information to be provided in the scoping report

The scoping report should cover following information:

EXECUTIVE SUMMARY

Description of the project

The EIA Consultant will – based on the information provided by the project developer – describe the project i.e.:

- Type, scale, location and physical characteristics of the project and, where relevant, of demolition works, including:
  - > Capacity, production process, scale, output, etc.
  - > Phases of the project – preparation, construction, operation, decommissioning – and their expected duration.
  - > A description of the project components, including any associated developments (e.g. transmission lines).
  - > Location and surface area of the real estate and the built structure occupied and the existing manner of their use.
  - > Land-use requirements during the construction and operational phases.
  - > Technology to be used.
  - > Organisation of construction works including workers camps, access roads, etc.
  - > Estimated quantities of water, raw materials, intermediate materials, fuels and energy to be used during all project phases.
  - > An estimate, by type and quantity, of expected residues and emissions (such as water, air, and soil and subsoil pollution, noise, vibration, light, heat, radiation, etc.) and quantities and types of waste produced during all project phases.
- Classification of the project according to the national EIA legislation and the EU EIA Directive.
- A description of the reasonable alternatives (for example in terms of project design, route (for linear infrastructure), technology, location, size and scale) studied by the project developer, which are relevant

to the proposed project and its specific characteristics, and an indication of the main reasons for this choice, indicating the preferred option or options. It has to be clearly explained which – if any – existing project alternatives will be considered in the EIA.

- A description of other developments foreseen in the project area that are likely to produce environmental impacts cumulative to those of the project under consideration.

Legislative and institutional framework

A description of the relevant legislative framework including EIA legislation, legislation related to environmental and social aspects, and applicable planning and permitting legislation (typically e.g. spatial planning law, construction code, etc.), standards and norms, including:

- Information on steps in the EIA process as required by the national EIA legislation including information on the EIA Competent Authority.
- Information on the permitting process and how it should take into account the conclusions of EIA process.

Environmental aspects likely to be significantly affected by the project

An initial identification and description of the environmental aspects that may be affected by the project – the likely impacts will be furthered analysed in the EIA report. Particular attention should be paid to the potential impacts – both direct and indirect – that are likely to be the significant, considering the sensitivity of the environment, the expected residues, emissions and wastes to be produced by the project, the expected use of natural resources and land (and water) take (with particular attention to areas with protected status), and the expected impacts of climate change. Also, it should be indicated if there is a possibility of transboundary impacts, i.e. the impacts which would affect the territory of other countries.

The environmental aspects to be considered include:

- Physical environment, including (micro-) climate, climate change and related risks, emissions of greenhouse gases[20], air quality, quantity and quality of water resources (surface and groundwater), geology, geomorphology, soil and subsoil quality, landscape, and risk of disasters related to natural hazards.
- Biological conditions: biodiversity (including rare, endangered and endemic biodiversity components), and biological resources of cultural, social, or economic importance, including ecosystem services.
- Socio-economic conditions: in particular those which may be affected by the changes of the environment (e.g. public health), vulnerability to natural hazards; vulnerability to increasing climate variability and the expected effects of climate change, access to natural resources and associated conflicts, poverty, livelihood, material assets, cultural heritage including architectural and archaeological heritage aspects, etc. Special attention must be given to vulnerable and potentially underrepresented groups such as women, indigenous peoples and minority groups.

For the identified key environmental aspects, a general description will be provided on how these aspects may be affected by the project – by which parts or components of the project, during which stages of the project, etc.

Scope of the environmental baseline

Following the information provided above, the EIA Consultants will describe the scope of the environmental baseline needed for further analyses to be elaborated in the EIA report. It will also include an indication of the likely affected territory (both directly and indirectly) for each key issue, and specification of the likely affected administrative territorial/geographical units (according to the relevant national legislation). The geographical area of analysis will depend on each aspect, e.g. impacts related to water would normally need to take into account the catchment area, whereas impacts related to noise would be circumscribed to an area around the project site following noise contours. Take into account existing and/or planned developments potentially interfering with the proposed project or creating impacts of a cumulative nature.

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20 Note that project-related emissions of greenhouse gases are unlikely to be considered 'significant' at the global scale. Nevertheless, at the project scale a project or some project alternatives may offer significant opportunities to reduce emissions, store carbon or implement the principle of a 'climate-neutral development path'. If this is the case, the assessment of such opportunities should be included in the scope of the EIA.

Methods and tools to be applied

The Consultants will describe the methods and tools that will be used during the EIA to further analyse the potential impacts, including the analysis of potential cumulative impacts. It will be explained and justified for which impacts quantitative analyses will be applied and which issues will be evaluated through qualitative analyses. Also, limitations (e.g. data availability) and uncertainties related to the methods and tools selected will be described.

The climate scenarios that will be used for the assessment of the project's climate vulnerability will be indicated, and any limitations with regards to data availability will be described. The most relevant climate scenarios should be selected taking into account the whole lifespan of the project.

Update of the stakeholders' engagement plan

The stakeholders' engagement plan (see section 4 above) will be updated based on the results of the scoping phase.

Updated EIA workplan

The EIA workplan (see section 4 above) will be updated based on the results of the scoping phase. Based on the key environmental issues that will be subject to a detailed assessment, changes in the profile of experts and in the time allocated per task should be proposed.

Annexes

Sources of information used.

Records of any consultations carried out in the scoping stage including explanation how the comments received will be considered in further EIA analyses.

6. Requirements of the EIA report

6.1. General requirements

The EIA report will include the information specified below. The draft EIA report will be a submitted for comments to the relevant authorities and the EC and will be subject to stakeholder consultations according to the stakeholders' engagement plan. The final EIA report will reflect comments and feedback received on the draft EIA report.

The following text will be inserted on the inside front cover of the scoping report: *This report is financed by the European Commission and is presented by the (name of consultant) for (relevant national institution) and the European Commission. It does not necessarily reflect the opinion of (relevant national institution) or the European Commission.*

6.2. Information to be provided in the EIA report

The EIA report should cover following information:

EXECUTIVE SUMMARY

Description of the project

To be taken from the scoping report (see above), however it must be updated if new or revised information is available.

Legislative and institutional framework

To be taken from the scoping report (see above), however it must be updated if new or revised information is available.

Environmental baseline

A description of the relevant aspects of the current state of the environment (baseline scenario) and an outline of the likely evolution thereof without implementation of the project as far as changes from the baseline scenario can be assessed with reasonable effort on the basis of the availability of environmental information and scientific knowledge.

The baseline scenario will include a description of the current state of the environment in the likely affected territory (as determined in the scoping), focusing on those aspects that can be influenced by the project. The consultants should also consider those environmental conditions that could influence the efficiency or sustainability of the project, in particular climate variability, climate change and natural hazards. As far as possible, indicators should be identified for all key environmental variables to be analysed, and their current state established as a baseline for impact assessment and future monitoring. All indicators must be adequately explained and justified. If location alternatives are considered, the study should focus on the differences in the appropriateness and sensitivity of the environment aspects to the pressures resulting from the project.

The likely evolution of the baseline without the project should include the description of the expected trends and situation of environmental variables on the short- medium- and long-term, assuming that the project will not be implemented, and taking into account climate change and any developments reasonably foreseen in the project area. This 'no project' scenario will be considered as a benchmark for predicting the project's environmental impacts. If the situation without project seems unrealistic, the most probable alternative should be used as a reference. Assumptions used to predict the future situation and trends should be clearly explained.

Assessment of environmental impacts

The potential significant impacts of the project and its alternatives on the relevant environmental aspects identified in scoping and described in the section above will be described.

Significant potential environmental impacts (direct and indirect) must be identified, making use of impact identification methodologies proposed by the scoping study. Impact identification should take into consideration factors such as the sensitivity of the environment, the legislative framework, relevant environmental and climate change objectives, the pressures resulting from the project and the expectations of stakeholders.

The assessment of the likely impacts has to consider – but not necessarily be limited to – the following aspects of the project:

- Project activities during construction, operation and, as relevant, decommissioning.
- The technologies and substances used.
- Associated activities and structures (e.g. base camps during construction, access road and transport, associated power lines, extraction of construction materials, dumping sites of excavated materials, etc.)
- Location, general layout, size, and time span of the project.
- Geographical extent of the area influenced by (aspects of) the project (differentiated by the type of impact, such as downstream river basin, noise contour, extent of the affected groundwater aquifer, etc.)
- Presence within the area of influence of the proposed project of sensitive areas, areas with protected status (nature protection, water conservation, indigenous territories, etc.) or areas providing essential ecosystem services.
- Use of natural resources, in particular land, soil, water and biodiversity, considering as far as possible the sustainable availability of these resources.
- Materials and energy consumption, waste and wastewater production.
- Emission of pollutants, noise, vibration, odours, light, heat and radiation, the creation of nuisances, and the disposal and recovery of waste.
- Risks to human health and environment related to the accidents or natural disasters.
- Impact of the project on climate (including the nature and magnitude of greenhouse gases emissions).
- Vulnerability of the project to climate change, including the risk of maladaptation.
- The implications of the potential environmental impacts on conflict dynamics, particularly in the case of fragile contexts.

The assessment of the likely impacts must consider also the cumulation of impacts with other existing and/or approved projects, considering any existing environmental issues relating to areas of particular environmental importance likely to be affected or the use of natural resources.

The likely impacts will be assessed in comparison with the expected state of the environment under the no-project scenario.

The impacts should be described according to their nature and characteristics, i.e. positive or negative, direct or indirect, short-term, medium- term and long-term, temporary or permanent, reversible or irreversible, their magnitude, their transboundary nature, and accumulation and synergies with other impacts. Where appropriate, impacts on the population should be disaggregated by sex, age and other relevant social criteria.

The impact assessment can be supported by reference to the technical screening criteria of the EU Taxonomy for sustainable activities, which can be found in the Environmental and Climate Delegated Acts[21], and which are used to determine compliance with the Do No Significant Harm (DNSH) principle and positive contributions. These delegated acts cover the six areas of the EU Taxonomy: (1) climate change mitigation, (2) climate change adaptation, (3) circular economy, (4) water and marine resources, (5) pollution prevention and control, and (6) biodiversity and ecosystems.

Note that not all impacts need to be quantified. In some circumstances the attempts at quantification may result in meaningless numbers that are of no value to the decision-making process. In some cases a semi-quantified approach, allowing for comparison of alternative options may be sufficient to inform decision making (for example: alternative 1 scores (much) better, equal or (much) worse on impact x, y or z, compared to alternative 2, etc.) It is thus important to recognise when a qualitative assessment will be more useful (e.g. to propose mitigation measures and base a decision).

Measures to avoid, reduce, and/or compensate the potential impacts

For the significant impacts identified, measures must be proposed to avoid, reduce and/or or compensate these impacts. Such measures must be technically feasible, economically sound and socially acceptable (i.e. they must take into account the views of the relevant stakeholders).

The identification of measures must follow the 'mitigation hierarchy', with the following priority:

1. Measures to **avoid** adverse impacts.
2. Measures to **minimise** adverse impacts.
3. Measures to **restore** the damaged environment.
4. Measures to **offset** any residual impacts.

The measures can have several distinct aims:

- Reducing the extent, scale or timescale of activities that produce negative impacts in favour of less damaging activities or activities producing positive effects.
- Changes in the effects of an activity, without changing the activity itself (for example, adding anti-pollution filters).
- Strengthening the protection of the receiving environment with respect to project impacts or other hazards.
- Rehabilitating or restoring damaged resources.
- Compensating for damage, e.g. by achieving improvements to resources similar to those affected.

21 Commission Delegated Regulation (EU) 2023/2486[48] in the case of the environmental delegated act, and Commission Delegated Regulation (EU) 2021/2139[49] as amended by Commission Delegated Regulation (EU) 2023/2485[50] in the case of the climate delegated act.

The residual impacts (i.e. the impacts after implementing the proposed measures) must be described.

Wherever possible, the EIA should also propose measure to enhance the potential positive environmental impacts of the project and produce a net gain to the state of the environment. This can include a 'more than minimally required' approach to mitigation, compensation and offset (for example creating and/or restoring a larger protected areas to compensate loss of biodiversity).

Measures to build resilience of the project to climate change (climate-proofing) should also be proposed and explained.

Environmental Management Plan

The Environmental Management Plan (EMP) will identify the actions needed to implement the measures proposed by the EIA (see above), including environmental monitoring required during construction, operation and decommissioning, and thus will represent an operational plan for ensuring proper environmental management and monitoring. Climate change risk management measures must be part of the EMP.

The EMP – usually to be prepared in a tabular format – will include:

- A table (logical framework type) showing the objectives, expected results, objectively verifiable indicators, activities (mitigation/optimisation measures), and responsibilities for the implementation of those activities.
- Institutional arrangements for its implementation and for environmental monitoring: responsibilities, role of the environmental authorities, role and participation of stakeholders.
- Suggestions for contracts (environmental clauses: standards, potential requirement to prepare an Environmental Management Plan of the company) and contracting modalities (such as payments linked to results).
- A monitoring and supervision plan (including appropriate indicators, frequency of monitoring, means to gather and analyse the data, reporting system).
- A response plan in case of accidents or unexpected results from the environmental monitoring.
- A proposed schedule for activities (monitoring and mitigation/optimisation measures).
- An indication of means (including personnel, vehicles) and costs of implementing the EMP.

Consultations and public participation

Description of the consultations and broader opportunities for public participation carried out during the EIA, including a summary of the comments received together with explanation how these comments have been considered in the EIA report and/or the project design.

EIA methodology

The methods and tools applied in the EIA as well as any fields surveys and measurements will be described. All the major limitations and uncertainties of the study will be clearly explained, and the assumptions made in the assessment of the likely impacts will be described, as well as any gaps in the data and information.

Conclusions

This section must present a clear statement of the conclusions of the EIA regarding the likely impacts and recommendations on actions to be taken to ensure that environmental issues are adequately addressed in subsequent project phases. Should any alternatives be considered in the EIA, these must be compared from the likely impacts point of view and recommendations made on the most acceptable alternative.

7. EIA workplan

The expected timing for the implementation of the activities is as follows:

- EIA workplan and stakeholders' engagement plan: within 1 month after initiating the work on EIA;
- Draft scoping report: within 4 months after kick-off of the EIA;

- Final scoping report: within 6 months after initiating the work on the EIA;
- Draft EIA report: within 6 months after finalizing the scoping report;
- Final SEA report: within 2 months after the consultations on the draft EIA report.

The timing above must be taken as tentative and should be adjusted following the requirements of the national EIA legislation, the project preparation process, the type of project, the magnitude of the project, and the availability of data and information.

8. Expertise required

The EIA will be carried out by an inter-disciplinary team of experts – the EIA Consultant. The EIA Consultant should include experts with local or regional knowledge and expertise.

The team will consist of *(number)* experts: a Team Leader (Senior expert), environmental and social experts (Senior) and *(complete as necessary, e.g. experts on specific environmental aspects, and/or an expert on public consultations).*

The Team Leader must have, at least, a master's degree in a relevant area, such as environment, climate change or natural resources management with at least 10 years of relevant professional experience. (S)he will have proven experience in the preparation of EIAs, preferably in the context of EU development cooperation. (S)he must have experience as team leader in at least 3 assignments, preferably one of which for an EIA. (S)he must have good knowledge of the EU intervention cycle. Experience in the sector, country and region will be an asset.

The environmental and social experts *(specify sector, or theme)* must have, at least, a master's degree in a relevant area *(specify)* with at least 10 years of relevant professional experience in *(specify subject areas)*. (S)he must have proven experience in *(specify country or region)*. Participation in the EIA and knowledge of the EU cycle of operations will be an asset.

All experts must be fluent in *(English, French, Spanish, Portuguese)* and at least one expert must be fluent in *(specify local language, if relevant).*

(This section is to be adapted and completed based on the required expertise. Junior experts are likely to be also required, e.g. for the collection and treatment of information and data, production of maps and GIS analyses, etc.)

For each expert proposed, a *curriculum vitae* must be provided or no more than *(four)* pages, setting out the relevant qualifications and experience.

9. Reporting

All reports should be submitted in electronic format (Microsoft Word).

The EU will provide compiled feedback to the consultants on the different deliverables no later than two weeks (one week for the SEA approach, methodology and stakeholders engagement plan) after their delivery.

Requirements for hard copies should be avoided, otherwise they should be kept to a minumum, in which case they are to be printed double-sided on recycled or certified paper (for sustainable forestry).

10. Technical proposal

The technical proposal must include an understanding of the terms of reference and a description of the following:

- Proposed general approach to the EIA including:
  - > An outline of the proposed EIA approach and methodology to be applied, specification of models and analytical methods proposed to be used, etc.)
  - > Project management, including communication and coordination mechanisms with the planning authority and the EU delegation.

> Consultations with relevant stakeholders.

- The proposed work plan with a detail of the activities and tasks outlined above as well as with any additional activities as considered relevant for the EIA.
- Description of the team following the specifications stipulated above.
- CVs of proposed experts clearly showing that the experts meet the required qualification criteria.

11. Financial proposal

The financial proposal will not exceed maximum budget i.e. *XXX EUR*. It will be structured as follows:

- Expert costs: Following the expertise required, the financial proposal will (i) allocate necessary number of working days for each expert position, (ii) define daily rate for each expert position, and (iii) provide summary of the overall expert costs.
- Direct costs: The direct costs may include the travel costs, administrative support, printing, refreshments for the consultation meetings, interpreting, translations, etc. A provision must be included for the offsetting of greenhouse gas emissions for all air travel. For each item included in the budget, a short explanation will be provided why this item is needed for the EIA, the costs that will be allocated, and the overall direct cost will be summarised. Travel by railways or waterways should be prioritised over air and road travel, whenever feasible.
- Total costs: A sum of the expert and direct costs.

12. Evaluation of the proposal

The proposals will be evaluated using the principle of quality and cost-based selection with a weight of 80 % given to the technical proposal and a weight of 20 % given to the financial proposal.

The following criteria shall be used as a basis for evaluation of technical proposals:

Criteria	**Weight**
Proposed approach	40 %
Proposed work plan	20 %
Team composition	40 %

The level of responsiveness for each criterion shall be rated on a scale using the following discrete grades:

- poor: 40 points
- satisfactory: 70 points
- good: 90 points
- very good: 100 points

The rating of each criterion shall then be weighted and added to give to total score.

The technical proposal shall be considered unsuitable if it fails to achieve a minimum score of 75 out of 100 points and the entire proposal rejected.

ANNEX 8. MODEL TERMS OF REFERENCE FOR A CLIMATE RISK ASSESSMENT

These model ToR must be adapted according to the specific project and its context. To respond to a variety of circumstances, this model includes a range of suggestions and options. Actual ToRs derived from this model are likely to be shorter (max. 10 pages).

Explanations or sections to be completed according to individual circumstances are given in italics. Complementary and explanatory information is placed in text boxes.

When a CRA is required, it is important to define how the CRA and other studies will be incorporated in the formulation phase. There are four issues to consider:

- A clear definition of the scope of studies to be carried out at formulation is necessary to ensure complementarity and avoid overlap between the CRA and other studies (e.g. 'general' formulation study; financial and economic analysis; other climate, environmental or vulnerability studies). Close coordination is therefore required in the preparation of the different ToR for these studies. Where possible the different studies should be integrated in a single process.
- To ensure consistency during the formulation phase, the same alternatives should be considered when engaging in different assessments (e.g. technical, environmental and economic).
- It should be ensured that the studies are based on sufficient technical information and assess realistic options, and that they can have an influence on the selection of project alternatives and on final project design through appropriate measures.
- Ideally the CRA should precede the economic analysis, which must incorporate the costs of impact reduction and adaptation measures and possibly also value some residual environmental externalities and costs associated with potential climate change risks.

Definitions and terms used in these ToR

- Maladaptation: effect of adaptation actions that (usually, inadvertently) create more risk and vulnerability. For instance, hard engineering solutions may increase risks on assets and dependency on climate sensitive resources, notably when compared to nature-based solutions.
- Downscaling: process of transferring a general climate model to a finer spatial scale that is more meaningful for analysing local and regional climate conditions.
- Adaptive capacity: the potential or ability of a system, region, or community to adapt to the effects or impacts of climate change (IPCC definition). Enhancement of adaptive capacity reduces vulnerabilities and promotes sustainable development. It implies addressing climate resilience at technical, ecological, social and institutional level (IPCC, 2001).[51]
- Climate resilience: capacity of social, economic and ecosystems to cope with a hazardous event or trend or disturbance (IPCC definition).

Background

The *(name of the institution in the partner country)* and the European Commission require a Climate Risk Assessment (CRA) to be carried out for the formulation of *(name of the proposed project)*. The CRA must examine:

- Climate-related risks to the successful realisation of the project's intended outputs and outcomes;
- Risks that the project will increase the vulnerability of human populations and/or natural systems to climate change and variability;
- Risks that the project will contribute to maladaptation;
- Measures to reduce climate-related risks and to adapt to climate change, to be described in a Climate Risk Management Plan (CRMP);
- Opportunities for promoting wider resilience and adaptation to climate change, and encouraging low-carbon development;
- (Other points to be examined e.g. the need for improved environmental and climate related information).

The project is described as follows: (*insert a short description, referring to the current logical framework, (to be attached); provide key information, such as objective, rationale for the project, location, duration, key beneficiaries, technologies and practices to be employed, life-cycle of the project, etc.*)

(Alternatives can be included *if relevant in case of a standalone CRA and are required if the CRA is embedded as part of an EIA*). The following alternatives have been identified: (*provide a description of any alternatives already identified*).

Existing information on the project, the environment and climate (*including current climate conditions and trends, as well as future climate projections*) can be found in (*mention any available studies and information including the results of the identification phase and indicate where/how these documents may be obtained/consulted*). In addition to this CRA, the following studies are also envisaged (*mention any other studies planned in the formulation phase, including feasibility, economic and financial analyses or social and/or Environmental Impact Assessments*).

(*Mention other pertinent background information, such as potential or known projects envisaged in the same area, key stakeholders, legal requirements and existing SEA in the sector*).

Objective

The CRA will provide decision makers in the (*partner country and European Commission*,) with sufficient information to justify, on the grounds of project sustainability and viability under climate change, the acceptance, modification or rejection of the project for financing and implementation. It will also provide the basis for guiding subsequent actions, which will ensure that the project is carried out taking into account any climate-related risks and adaptation needs and options.

Process

The CRA is undertaken in two stages.

A **scoping report** will summarise the project, identify key stakeholders, and describe the hazards, vulnerabilities and resulting risks to be assessed in the CRA study, based on information on current and future hazards and risks already available in key sources of climate information such as IPCC reports, NAPAs/NAPs, National Communications to the UNFCCC and other sources. The inception report will also specify the approaches, tools and methods that will be employed to assess key aspects of risk and vulnerability and key knowledge gaps. The types of risk reduction or adaptation measures to be assessed may be broadly identified in the scoping report. The scoping report may further define the limitations of the CRA based on a further investigation of data availability and the availability of other key resources (e.g. access to climate data and projections or impact models).

The **CRA study** will analyse climate risks to the project resulting from current climate conditions and trends, as well as climate projections for the period covering the lifespan of the project (i.e. the period during which project benefits are expected, and not the period under which EU support will be received).

If the CRA focuses on the feasibility of the project, recommended items include:

- Climate change-related risks to project outputs, including risks to the successful implementation of a project or its components. For example, the implementation of a project may be disrupted by the occurrence of climate extremes that are more frequent or severe than anticipated (e.g. more frequent droughts affecting river runoff and related hydropower production potential), or the integrity of infrastructure may be at risk from increased recurrence or magnitude of extreme weather events expected under climate change.
- Climate change-related risks to project outcomes. An example is increased poverty due to climate-related crop losses or higher food prices, offsetting other poverty reduction measures, or increased water stress due to lower rainfall and higher temperatures, that offset gains due to improved water use efficiency.
- The adaptation deficit to current climate variability and change, which lead communities to be vulnerable to climate risk.

If the CRA focuses on the vulnerability of the intended beneficiaries, recommended items include:

- The level(s) of adaptive capacity in the identified vulnerable populations/groups, the project associated ecosystems, and institutions.
- The constraints that prevent reducing-risk actions to be taken.
- Measures and options for effective responses to reduce existing vulnerabilities and risks, including nature-based solutions, to be implemented during project implementation.

The scoping report will provide *(please only include the items needed for the purpose of the CRA)*

- An overview of the project, including the timescales associated with project implementation and intended outcomes. A description of any project alternatives under consideration.
- An overview of any relevant policy, legislative and institutional frameworks related to climate vulnerability and adaptation.
- A description of the geographical, environmental and climatic contexts within which the project will be implemented, including a summary of readily available information on potential future climate trends and climate change as far as this is relevant to the timescales associated with the project.
- A description of the key stakeholders likely to be affected by the project, with specific reference to the specific climate-related risks, including indigenous peoples, women and youth.
- A stakeholder engagement plan (if found relevant).
- A summary of the key current and expected future climate hazards relevant in the context of the project, and of the associated potential climate-related impacts and risks/implications for the project, that should be addressed in the CRA, insofar as these can be identified on the basis of the best available information (including floods, drought, storm surges, disruption of services, damage to infrastructure, etc.)
- The populations, areas, communities and groups, ecosystems that are the most affected by climate hazards.
- An initial identification of the drivers of their vulnerability (e.g. social, economic, exposure, policy, malpractices, etc.)
- A summary of key issues relating to vulnerability and adaptive capacity, as relevant in the project context, based on existing information. This includes the populations, geographical areas, communities, groups and ecosystems that are the most affected by climate hazards, and the drivers of their vulnerability (e.g. social, economic, exposure, policy, maladaptation practices and other sector notably agricultural/ livelihoods practices affecting long term sector performance, etc.)
- Recommendations on the methodology for the identification and assessment of specific climate-related risks, constraints, and opportunities (including treatment of uncertainty) and the basis for the choice of methodologies to be used in the CRA to assess risks and vulnerabilities.
- Recommendations regarding any risk reduction or adaptation measures that might be identified and investigated further in the CRA, based on the inception report.

The **CRA study** will provide:

- An identification and assessment of the potential climate-related risks to project implementation and the successful realisation of the project's intended benefits.
- An identification and assessment of the potential risks that the project implementation will increase the vulnerability of human populations and natural systems to climate variability and change, and to contribute to maladaptation.
- An identification of the determinants of vulnerability to climate change for the identified vulnerable populations/groups, the project associated ecosystems and institutions, and their capacity to manage climate risks.
- Recommendations, including a Climate Risk Management Plan (CRMP) for the implementation of proposed measures to reduce climate-related risks and adapt to climate change. The CRMP may identify and prioritise a number of alternative risk reduction/adaptation measures, detailing the pros and cons (e.g. costs, impacts) of each. The CRMP should also include a framework for monitoring and evaluating the performance/success of the proposed measures.
- Recommendations on how to adapt the project design (if required) to maximise any opportunities arising from climate change (if any), to promote wider climate resilience, adaptation and adaptive capacity (e.g. outside the immediate context of necessary measures to reduce risks associated with the project), and to promote low-carbon development.

Scoping report

OVERVIEW OF THE PROJECT (AND ITS ALTERNATIVES)

A description of the project and of its components.

(When feasible, describe any major project alternatives, with a focus on alternatives that are significantly different from the perspective of exposure and vulnerability to climate-related risks. If the project is subject to an Environmental Impact Assessment (EIA), consistency must be sought between the alternatives studied under both instruments).

LEGISLATIVE, INSTITUTIONAL AND PLANNING FRAMEWORK

A description must be made of any institutional and legislative frameworks relevant to the project and its CRA[22]*, including an indication of the key applicable legislation, planning processes (e.g. land use planning), standards and norms that will have to be addressed in the CRA study. Reference should be made to relevant documentation such as the Country Environmental Profile, NDC, National Adaptation Plans of Action/National Adaptation Plan (NAPAs/NAPs) or other National Adaptation Plans/strategies, National Communications to the UNFCCC, any relevant Strategic Environmental Assessments.*

SUMMARY OF EXISTING BASELINE INFORMATION ON CLIMATE CHANGE AND RELATED IMPACTS

The inception report should summarise the information currently available, as relevant to the project, relating to:

i. Current climatic and environmental conditions;

ii. Potential future climatic conditions; and

iii. Relevant current and future climate hazards, impacts, vulnerabilities, and related risks.

Key information gaps in these areas should be identified, and the extent to which these information gaps may be filled during the CRA study should be specified, as should the nature of any additional information on these baseline issues that will be generated during the CRA study.

22 Whereas legislation relating to Environmental Impact Assessment is generally well developed, legislation relating to CRA is likely to be rare and/or poorly developed. However, in certain contexts there may be some relevant legislation, for example relating to set-back from the shoreline for new construction in certain small island states that have already begun to address risks associated with storm surges, erosion and sea-level rise, in the context of adaptation to climate change.

DESCRIPTION OF THE KEY STAKEHOLDERS AND THEIR CONCERNS

In a CRA, the engagement of vulnerable groups, most likely to be exposed to the climate-related risks to be investigated, and those that are particularly vulnerable to climate change, is especially important (e.g. people who depend on climate-sensitive livelihoods such as pastoralists and smallholders, or those living in areas of high exposure). An effort should be made to involve a wide range of possible relevant interest groups (including local authorities, local and regional NGOs, women, indigenous peoples and youth) in defining issues to be addressed in the CRA.

The engagement of stakeholders in the CRA process is a key success factor. Project stakeholders (key groups and institutions intended as beneficiaries of the project or project partners, and any groups potentially affected by any adverse - e.g. environmental or displacement - impacts of the project) will be identified. The description shall include characteristics of the population exposed to climate hazards (e.g. population size, livelihoods, settlement and housing patterns, health and nutrition levels, socioeconomic organisation), remaining within the project scope.

Particular attention should be paid to typically less represented groups such as women, indigenous peoples, minorities and youth.

Stakeholders will be engaged by the consultant to identify their concerns with respect to existing and anticipated climate-related risks and vulnerabilities, their perceptions of how these may be affected by the project, and their views about how these risks and vulnerabilities might affect the project results and impacts. This will contribute to the identification of key potential risks, project-climate interactions, and potential risk reduction or adaptation measures that will need to be addressed in the CRA study. The stakeholder engagement strategy to be employed should be explained in the proposal and, if necessary, will be revised by the EC and the partner government before being implemented.

DESCRIPTION OF THE KEY CLIMATE-RELATED RISKS AND PROJECT–CLIMATE INTERACTIONS

(*Particular attention should be paid to the climate-related risks to, or associated with, the project that are likely to be the most significant. This should consider the sensitivity of the project and any related / supported activities to climate hazards likely to be encountered over the relevant timescale, the vulnerability of key stakeholders to climate change and variability, the project's potential impacts on vulnerability, and the expectations of the stakeholders*).

Based on contextual information on current and potential future climate hazards, the consultants should identify climate-related risks to be considered under the following categories:

- Risks to the successful or timely implementation of the project.
- Risks to the successful realisation of the intended project benefits after its implementation period.
- Risks that the project may increase the vulnerability of certain groups.
- Risks that the project may increase the vulnerability of natural systems or resources.
- Risks that climate change will affect resources on which the project depends.
- Risks that the project will contribute to maladaptation, in other words, lead to reduced resilience against the effects of climate change.
- Priority risks and vulnerabilities the project should mainly focus on and that will be the main focus of the CRA study.

SUMMARY OF EXISTING BASELINE INFORMATION AND SCOPE OF ANY EXPANSION OF BASELINE INF*ORMATION (WHEN RELEVANT)*

The inception report should summarise the information currently available, as relevant to the project, relating to: (i) current climatic and environmental conditions; (ii) potential future climatic conditions; and (iii) relevant current and future climate hazards, impacts, vulnerabilities and related risks.

Key information gaps in these areas should be identified, and the extent to which these information gaps may be filled by the CRA study should be specified, as should the nature of any additional information on these baseline issues that will be generated during the CRA study.

RECOMMENDATIONS ON THE ASSESSMENT METHODOLOGIES TO BE USED IN THE CRA *(WHEN RELEVANT)*

An indication of the most appropriate tools and methods for carrying out the CRA study should be provided, for example model-based impacts or sensitivity studies, participatory vulnerability assessments, scenario planning, indicator-based mapping exercises, or other methods such as expert review. The limitations of such tools and methods should be specified, for example regarding the spatial resolution of climate model output, the degree of confidence in downscaling studies, how the proposed indicators intend to describe vulnerability and what are their limits, and so on. The ways in which uncertainty will be addressed should be specified, for example by using multiple models or simulations, a range of different scenarios, or a range of different assumptions about the future evolution of vulnerability.

CRA Study

CLIMATE RISK BASELINE STUDY *(WHEN RELEVANT[23])*

Existing climate risk context

This section should describe the following existing conditions, as far as these are relevant in the project context:

- The geographical and environmental context of the project (e.g. location), and the current climatic conditions in the area(s) in the areas of influence of the project or the area on which the project depends. This should include a description of the main climate hazards and their impacts currently experienced in these areas (e.g. heavy rainfall and flooding, drought and food insecurity or interruption to hydropower, storms or storm surges and mortality/displacement/destruction of property and infrastructure). Historical evidence can provide a good reference.
- The existing vulnerability context: which populations, areas, groups, systems (e.g. value chains, ecosystems, landscapes) or sectors are most affected by climate hazards, and what are the drivers (e.g. social, economic, geographic, policy, etc.) of their vulnerability.
- The level(s) of adaptive capacity in the relevant groups, populations, systems, sectors, institutions. What options are there for effective risk reduction and management; what factors hinder actions to reduce risks.

Expected future climate risk context

How may conditions evolve in the future, as indicated by:

- The conclusions of existing downscaling studies, looking at how climate models can be applied at the local level, and/or impact models (e.g. of water resources, crop yields, coastal systems, ecosystems, etc.) Alternatively, this interpretation could be based on expert judgment, past analogues (e.g. of extreme events/conditions), statistical techniques (e.g. to examine the impacts of changing means and variability of the occurrence of extremes using historical data as a baseline). Climate change projections under different scenarios (at least a low-emissions and a high-emissions scenario) should be considered.
- Foreseen changes in economic, demographic, environmental and other conditions that can positively or negatively influence climate vulnerability.

Climate-related risk identification and evaluation

Identification and description of the potential climate-related risks associated with the project (and any alternatives), and evaluation, based on combined considerations of the relevant climate hazards and relevant aspects of vulnerability and adaptive capacity.

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23 Recent baseline studies may be available, which the CRA can directly use.

The identification of risks should address the following (summarised above):

- Risks to the successful or timely implementation of the project, for example associated with climatic extremes which may be intensifying, and which may damage project infrastructure or otherwise disrupt implementation.
- Risks to the successful and sustained realisation of the intended project benefits over timescales that may be significantly longer than the lifetime of the project itself, for example resulting from climate change effects that undermine or offset the project benefits (e.g. impacts on poverty) or that reduce the available of key resources (water, productive land, etc.) on which the realisation of benefits depends.
- Risks that the project may increase the vulnerability of certain groups, for example by reducing their access to key resources, constraining their options for coping with or responding to climate hazards and their effects, and compromising their capacity to adapt to climate change.
- Risks that the project may increase the vulnerability of natural systems or resources, amplifying the adverse effects of climate change on these systems/resources, and accelerating environmental degradation.
- Risks that the project will contribute to maladaptation, increasing dependency on resources threatened by climate change or contributing to development trajectories that might be unsustainable under future climatic conditions.

Risks should be described for the different project components, if any, and for different stakeholders/groups participating in or affected by the project. Where climate risks can exacerbate potential adverse impacts of the project, project and without-project scenarios should be compared, considering the various project alternatives.

(The timescales associated with different risks should be specified, as should the degree of confidence in the identification of risks. There may be significant uncertainty regarding some risks, for example those foreseen in the medium to long term. The extent to which risks are associated with particular assumptions about the evolution of future conditions should also be specified, with the CRA study clearly describing how uncertainties about risk are linked with uncertainties about future climate (and socio-economic) scenarios.

Indirect risks should also be addressed. These might arise from climate changes and their impacts outside the areas associated with project activities, which result in changes in the 'global' context of the project that affect project outcomes and impacts (e.g. trade relations, commodity prices, etc.)

Some attempt should be made to assess the significance of different types of risk, for example by ranking risks according to criteria such as likelihood and potential to undermine intended project benefits. Quantitative analyses and descriptions of risks and the impacts associated with them should be presented where feasible (e.g. in terms of timescales, probabilities, potential damages or losses), although it must be recognised that such an approach will not always be possible, and that precision (e.g. in modelled impacts) does not necessarily indicate accuracy e.g. if just one model or simulation is used, and/or ranges of uncertainty are not considered).

MAIN CHARACTERISTICS OF VULNERABILITY *(WHEN RELEVANT)*

The report will include the determinants of vulnerability to climate change for the project, the identified vulnerable populations/groups, ecosystems affected by the project or on which the project depends, and private and public institutions involved in risk reduction and management. It shall consider the value chain approach that is at the centre of the project, consisting of a range of actors and activities involved from production to final consumption, helping actors take a more systematic approach to risk management.

CAPACITY ANALYSIS *(WHEN RELEVANT)*

The study will provide a short assessment of the capacity to understand, take into account and manage climate risks amongst the project owner, relevant government authorities and affected groups.

The assessment shall include a description of the main characteristics of the anticipatory, absorptive, adaptive and transformative capacities[24] for all identified vulnerable groups.

24 See definitions in the proposed methodology https://careclimatechange.org/cvca/ (CARE International, 2019).[52]

IDENTIFICATION AND EVALUATION OF OPPORTUNITIES AND BENEFITS

(While the emphasis of a CRA is on identifying potential risks and measures to reduce these risks, a CRA study also provides a context in which opportunities may be identified for promoting climate resilience and adaptation, and, if appropriate, low-carbon development. These may include opportunities for piloting new climate resilient practices, technologies or crops; for awareness raising, communication and training; for the promotion of risk sharing measures such as livelihood diversification and including the development of weather-related insurance; for gathering data and information on climate-sensitive systems; for linking with other relevant initiatives to promote resilience and adaptation; for improving policy dialogues. Low-carbon development can be promoted through the use of renewable energy sources and micro-generation, and the selection of project alternatives with lower carbon footprints, where such choices do not have significant negative impacts on the project or on development at large).

Consultants should consider where opportunities or 'entry points' for new climate resilient practices or low carbon development exist in the context of the project.

MEASURES AND RECOMMENDATIONS IN RELATION TO CLIMATE-RELATED RISKS AND OPPORTUNITIES

Measures should be proposed to reduce the climate-related risks identified above and, if appropriate, to ensure that any opportunities are exploited effectively. These risk reduction or adaptation measures must be technically feasible, economically sound and socially acceptable (i.e. they must take into account the views of the main stakeholders). The consultants must seek ways to optimise such measures, such that one measure does not reduce the effectiveness of another or, worse yet, cause an undesired significant impact itself. Where the timescales associated with the project are long, different measures might be required at different times, and consideration should be given to how shorter-term measures interact with longer term ones. In all circumstances, measures to reduce risks and adapt to climate change in the shorter term must be compatible with any longer-term adaptation needs, and it should be ensured that measures to deliver adaptation or reduce risks in the shorter term do not increase vulnerability or contribute to maladaptation in the longer term.

Risk reduction / adaptation measures can have several distinct aims:

- Measures to reduce physical exposure to climate hazards and their related impacts (e.g. sudden-onset climate-related hazards and disasters, slow-onset hazards such as sea-level rise).
- Measures to improve the project's ability to operate under identified constraints that may change over the course of the project's lifetime or on timescales over which continued project benefits are anticipated (e.g. choice of most water-efficient or energy-efficient production options, avoiding locating water-intensive activities in areas where climate change is likely to increase existing water stress).
- Generalised reduction of the vulnerability of key stakeholders in the context of existing and emerging risks associated with climate variability and extremes, in order to ensure project success (e.g. where the focus is on the near term and/or there is high uncertainty about future changes).
- Countering any potential increases in vulnerability resulting from the project among certain groups or of specific systems (e.g. ecosystems, natural resources, landscape systems).
- Targeted measures to address specific impacts of climate change identified during the CRA study (e.g. where there is high confidence in projections of climate change and associated impacts relating to specific aspects of the project such as infrastructure).
- Enhancing of adaptive capacity through measures to increase access to key resources, raise awareness, deliver training on adaptation issues, to ensure that project implementation and the delivery of longer-term benefits account for and address climate change issues.
- Development of specific risk reduction / adaptation strategies and frameworks within measures may be identified, implemented and revised over time.
- Significant redesign of the project where it is concluded that the project or elements of the project may contribute to maladaptation.

Residual risks remaining after the application of the proposed risk reduction / adaptation measures must be identified and assessed. Based on this assessment the alternatives must be compared and recommendations made on the best alternative (with attention to uncertainties and the implications of these uncertainties for the identification of the best alternative). The comparison of alternatives must be summarised in tabular form.

If the proposed risk reduction / adaptation measures involve an additional cost (compared to the options currently considered), the CRA should include an estimation of these costs. It should also identify who would be responsible for implementing these measures.

In exceptional circumstances it may be concluded that a project is associated with so many risks, or risks that are so severe, that its prospects for success are very small. In such cases it may be recommended that a project does not go ahead, or that it is replaced with one or more alternative projects that can deliver comparable benefits.

CLIMATE RISK MANAGEMENT PLAN[25]

The Climate Risk Management Plan (CRMP) is a document that identifies the actions needed to implement the recommendations of the CRA study. The CRMP should clearly translate the recommendations from the CRA into an operational plan.

The CRMP of the project should include:

- A table (logical framework type) showing objectives, expected results, objectively verifiable indicators, activities (mitigation/optimisation measures), and responsibilities to implement those activities.
- Institutional arrangements for its implementation: responsibilities, role of the key actors, participation of stakeholders.
- Suggestions for contracts (environmental clauses: standards, potential requirement to prepare CRMP of the company) and contracting modalities (such as payments linked to results).
- A monitoring and supervision plan, which outlines how risk reduction and adaptation will be measured/tracked, and which identifies appropriate indicators (e.g. of vulnerability, adaptive capacity, impact of measures in terms of development outcomes) and establishes frequency of monitoring, means to gather and analyse data, reporting systems.
- A response plan in case of unexpected results from the monitoring (e.g. unintended consequences, evidence that measures are not having intended impacts).
- A proposed schedule for activities.
- An indication of means (including personnel, technical resources, other requirements) and costs of implementing the CRMP.

LIMITATIONS OF THE CRA

The major limitations, weaknesses and uncertainties of the CRA should be explicitly underlined. Areas should be highlighted where significant knowledge and information gaps remain, and where uncertainties cannot realistically be quantified. Where projections and assessments are based on limited data, a small number of models, simulations or scenarios, this should be highlighted, and any deficiencies in representing a reasonable range of possible future scenarios should be identified. Any apparent contradictions between model results and observations should be noted. All assumptions made in the prediction and assessment of the potential climate-related risks should be detailed.

25 Depending on the intended use of the CRA, the contents of the CRMP can be edited. For instance, in the context of a CRA launched to prepare a Call for Proposals, it could include a theory of change linking the CfP objectives, expected results, objectively verifiable indicators, activities (mitigation/optimisation measures), and the CRA recommendations.

CONCLUSIONS ON CLIMATE-RELATED RISKS

This section will summarise the key results of the CRA, the recommendations (referring to the CRMP) and an assessment of the residual risks. Any additional information relevant for further economic and financial analyses or for the general formulation study should be provided. The limitations of the CRA and its key assumptions should be articulated.

Work plan

The work plan should include but not necessarily be limited to the following activities:

INCEPTION REPORT

- Fact finding/data collection - clarification of ToRs[26].
- Identification and engagement of stakeholders.
- Analysis/preparation of inception report.
- Review of documentation (e.g. CEP, NAPAs, NAPs, National Communications, relevant existing SEAs, identification and pre-feasibility reports, climate relevant data).
- Review of relevant literature, policy and legislation framework (if these exist).

CRA STUDY

- Fieldwork, data gathering and analysis, including engagement of stakeholders.
- Risk identification and evaluation.
- Formulation of climate risk reduction / adaptation measures.
- Preparation of the CRMP.
- Preparation of the final CRA report.

Based on the proposed work plan and time schedule outlined, a detailed work plan for the CRA study must be provided in the proposal.

REQUIRED EXPERTISE

The proposed mission shall be conducted by a team of (number) experts, with the following profiles:

- Senior Expert with at least 10 years' experience in climate change, with specific expertise in one or more of the following areas: impacts, vulnerability, risk assessment, adaptation and climate change integration/mainstreaming. She/he will be the team leader.
- *(Number)* junior/senior experts with (5) (10) years' experience and with a technical background in *(specify). (The number of experts and specialities may be revised or adjusted at a later stage based on the results of the inception report).*

The team is expected to include experts with local or regional knowledge/expertise. The experts should have excellent skills in (*specify*). (*Specify language*) will be the working language; the final report must be presented in (*specify language*).

For each specialist proposed, a curriculum vitae must be provided of no more than (*four*) pages setting out their relevant qualifications and experience.

26 Clarifications may involve significant revision of the ToRs, particularly with regard to methodologies to be employed and the limitations of the CRA.

Reporting

INCEPTION REPORT

The inception report must be presented in the format given in Appendix 1.

The detailed stakeholder engagement strategy must be presented two weeks after kick-off. An electronic copy must be presented to (*names and organisations*) for comments.

An electronic copy of the draft inception report is to be presented to (*names and organisations*) for comments by (*date*). Comments from the concerned authorities and the Commission should be expected by (*date*). These comments will be taken into account in preparing the final inception report. (*number*) copies of the final inception report in (*language*) (double-sided printing) are to be submitted by (*date*).

Any required hard copies must be printed double-sided on recycled or FSC-certified paper.

CRA STUDY

Feedback on the inception report will be provided no later than (*number*) weeks after its submission, setting the scope of the CRA study. The CRA study will begin no later than (*number*) weeks after this date.

The CRA report must be presented in the format given in Appendix 2. The underlying analyses are to be presented in appendices to this report.

An electronic version of the draft CRA report must be presented to (*names and organisations*) for comments by (*date*). Within (*number*) weeks, comments will be received from (*list the authorities*).

These comments will be taken into account in preparing the final report (*maximum...pages* excluding appendices). The final report in (*language*) must be submitted by (*date*).

Any required hard copies must be printed double-sided on recycled or FSC-certified paper.

FINANCIAL PROPOSAL

(*According to the contracting modality, the EC should indicate the form in which they wish consultants to make their financial proposal, e.g. breakdown by categories of costs, indicate the maximum budget for this contract).*

A description and estimation of the resources required (in terms of budget, person-days, technical facilities/resources) must be provided, including a breakdown of costs.

The EC could give an indication of the maximum budget allocated to the CRA study.)

TIME SCHEDULE

(*Insert time schedule*)

(*The way in which risks are to be evaluated will be crucial in determining the timescale of the CRA; a CRA based solely on expert review is likely to be relatively short (for example 20-30 days), whereas a CRA involving downscaling and/or the development of computer models to investigate impacts may take many months and perhaps up to 2 or 3 years for large-scale projects. Where modelling is not employed, other practical considerations must be taken into account, such as allowing time for the collection of data e.g. in the form of household surveys / interviews to assess elements of vulnerability*).

The consultant should respond to this time schedule and indicate in their proposal how they intend to organise the work for this purpose. The time schedule can be revised according to the results of the inception report.

Appendices

APPENDIX 1. STANDARD FORMAT FOR THE CRA INCEPTION REPORT

Maximum length of the main report (without appendices): 25 pages. The following text appears on the inside front cover of the report:

This report is financed by the European Commission and is presented by the (name of consultant) for (national institution) and the European Commission. It does not necessarily reflect the opinion of (national institution) or the European Commission.

Structure of the report

1. Executive summary
2. Description of the project under consideration and its alternatives
3. Applicable environmental legislative and institutional framework
4. Key stakeholders and their concerns
5. Key climate-related risks aspects and project-climate interactions to be addressed in the CRA
6. Climate risk baseline and areas of project influence
7. Proposed methodologies for assessing climate related risks
8. Timeframe and resources needed to carry out the CRA
9. Technical appendices
   a) Stakeholder engagement methodology
   b) List of stakeholders consulted (including contact details)
   c) Records of stakeholder engagement
   d) List of documents consulted

APPENDIX 2. STANDARD FORMAT FOR THE CRA REPORT

The following text appears on the inside front cover of the report:

This report is financed by the European Commission and is presented by the (name of consultant) *for* (national institution) *and the European Commission. It does not necessarily reflect the opinion of* (national institution) *or the European Commission.*

Structure of the report

1. Executive summary
2. Background
   a) Project justification and purpose
   b) Project location
   c) Project description and associated activities
   d) Alternatives (if any)
   e) Relevant policy, legislative and institutional framework
3. Approach and methodology

(*This chapter must set out the approach and methodology used in the CRA and how the data and information collected have been incorporated in the findings and recommendations*)

   a) General approach
   b) Tools and methods for identifying and assessing risks
   c) Relevant indicators
   d) Assumptions, uncertainties and constraints

4. Climate risk baseline study

- **a)** Current climate risk context (hazards, vulnerability, adaptive capacity)
- **b)** Expected future climate risk context

5. Risk identification and assessment

(Indirect risks and interactions between (i) different types of risk, and (ii) climate-related and non-climate stresses could form additional subject headings to ensure that these aspects are not overlooked. Table and diagrams should be used to summarise and clarify findings in this chapter).

6. Conclusions and risk statement

(This section must present a clear statement of the conclusions and recommendations on actions to be taken to ensure that the climate-related risks are adequately addressed in subsequent project preparation, implementation, monitoring and evaluation phases. These conclusions and recommendations must be complete, yet concisely and clearly formulated.)

This section must include one of the three 'risk statements' set out below:

- The project (and any alternatives) is not associated with significant climate-related risks, provided that the measures recommended are followed through.
- The lower risk alternative(s) identified will be associated with some significant climate-related risks, for which adequate risk reduction / adaptation measures cannot feasibly be realised. Therefore, it is recommended to identify and assess additional alternatives or to check that the residual risks are acceptable given the expected benefits of the project.
- Each alternative identified is associated with significant and unacceptable climate-related risks irrespective of proposed risk reduction/adaptation measures. It is recommended that the project proposal is comprehensively reworked, and alternatives re-assessed).

7. Risk reduction / adaptation measures and residual risks.

This section should provide the key points of the Climate Risk Management Plan (CRMP) in a Technical Appendix.

8. Technical appendices

- **a)** Input into the logical framework planning matrix of the proposed project design (intervention logic, indicators, assumptions and preconditions).
- **b)** Data, data analysis, background material, figures and maps and other illustrative information not incorporated into the main report.
- **c)** Other technical information and data, as required.
- **d)** Records of stakeholder engagement.
- **e)** Climate Risk Management Plan (CRMP).

9. Other appendices

- **a)** Study methodology/work plan (2–4 pages).
- **b)** Consultants' itinerary (1–2 pages).
- **c)** List of stakeholders consulted or engaged (1–2 pages).
- **d)** List of documentation consulted (1–2 pages).
- **e)** *Curriculum vitae* of the consultants (1 page per person).
- **f)** ToR.

ANNEX 9. GREEN AND GREENING INDICATORS

Introduction

To adequately address the EU's requirements on monitoring and evaluation of development results, each action needs to develop a monitoring framework that adequately considers environmental and climate performance, with a focus on outputs to impacts.

With the adoption of the European Green Deal, the term 'environment' now encompasses climate mitigation and adaptation, sustainable use and protection of water and marine resources, circular economy, pollution prevention and control and biodiversity conservation, restoration and sustainable use of ecosystem services, among other dimensions.

The EU has committed itself to ambitious green targets which require all sectors to include, wherever possible, green objectives across the entire international cooperation portfolio, and thus going beyond business as usual in many sectors. With green objectives comes the need to integrate green indicators in the monitoring framework.

Indicators: why and by whom?

During the lifetime of an action indicators may serve several purposes. Those involved in the formulation of actions (both at EUDs and HQ) will have to keep this in mind when selecting indicators at the start of the project.

- Indicators are helpful in defining in more concrete terms what the objective or target of an action really means, in particular during formulation when less tangible and measurable concepts are used such as 'biodiversity', 'climate change adaptation' or 'sustainable development'.
- Indicators are used to verify if an activity goes in the right direction (towards the objectives) and to measure, and if possible, quantify, achievements in relation to the objective.
- Over the lifetime of the activity indicators will thus have to be updated regularly with new data. Depending on the type of indicators, the frequency of updates can range from continuous monitoring (e.g. on water quality for public water supply) to annual or even less frequent data collection moment (e.g. a satellite survey of deforestation).
- Analyse the evolution and respond to the outcomes of the analysis.
- Monitoring and evaluation information can be used to inform future activities in the same location or sector, and for communication purposes.

The above implies that time spent at the design stage of the M&E framework can be very valuable and increase project impact and added value.

The main entry points for the integration of Green Deal indicators are the programming documents (e.g. MIPs) for high-level development objectives, and action documents for development outputs and outcomes.

EU indicators framework

The logframe presents the results that should be generated by an intervention at different time horizons. Result levels (outputs, outcomes and impact) are accompanied by indicators to measure (contribute to) their achievement. Commission services and implementing partners are accessing intervention logframes through OPSYS, as a basis for regular monitoring and reporting.

The Commission has developed a Results Monitoring Framework for EU International Partnerships, including a list of pre-defined core indicators that can be used by all staff and partners in their monitoring activities. These indicators are aligned with the policy priorities of Commission services working in external relations. They draw on indicators developed for the Sustainable Development Goals (SDGs) (UN Statistics Division, 2017).[53]

These are predefined priority indicators encoded in OPSYS which are suggested to the users when creating a logframe. OPSYS provides these indicators to enhance the quality of EU's interventions design

and monitoring and facilitate the aggregation of data from series of actions and programmes in order to quantify EU supported achievements. These indicators are centrally overseen by Quality Managers (INTPA/D4, FPI, ENEST and MENA) and have common characteristics (Unit of measurement, disaggregation, sources, etc.).

There are two types of core indicators:

1. Core indicators used for corporate monitoring and reporting such as: all 17 SDG (Tier I), FPI Performance Framework (PF), GERF level 1, GERF level 2, GAP III and IPA PF indicators.
2. Sector-specific core Indicators, with a special category for the Green Deal, subdivided into Climate Change, Energy, Green Economy, Nutrition, Sustainable Cities, Sustainable Aquatic and Agri-Food Systems, Sustainable Transport.

The use of core indicators is highly recommended, as it allows results to be aggregated across interventions and promotes the use of standardized information across European Union-funded interventions in partner countries. INTPA is adding further core indicators (as well as groups) into OPSYS.

In OPSYS a full list of core indicators is available (European Commission, 2015a).[54] The selected core indicators for EU external actions are aligned with DG INTPA, ENEST, MENA and FPI policy priorities. OPSYS suggests them in a drop-down menu when users are creating their interventions' logframes. Search and filter functions are available.

Additionally, DG INTPA has designed guidance on results and indicators for development (European Commission, 2015b).[55] It comprises ready to use results chains for a variety of sectors accompanied by a list of relevant indicators. The results chains present the logical flow (and possible pathways of change) of how EU funded interventions are intended to contribute to impact in different sectors. Methodological notes provide information on what each indicator measures, the relevance of the indicator for EU policy, the main data sources, required and suggested disaggregation, the method of calculation and examples.

Even though this set of indicators is elaborate, it is not complete and not all possible environmental objectives are represented in the system. Furthermore, available indicators may be defined at a scale too broad for the action (e.g. for a whole country, or for an entire sector), while the action focuses on one particular region or activity for which it is relevant to have a closer monitoring. Proper monitoring needs fit-for-purpose indicators, which may need to be customised.

The section below addresses the methodological thinking behind environmental indicators and includes a number of suggested resources on indicators for Green Deal priorities.

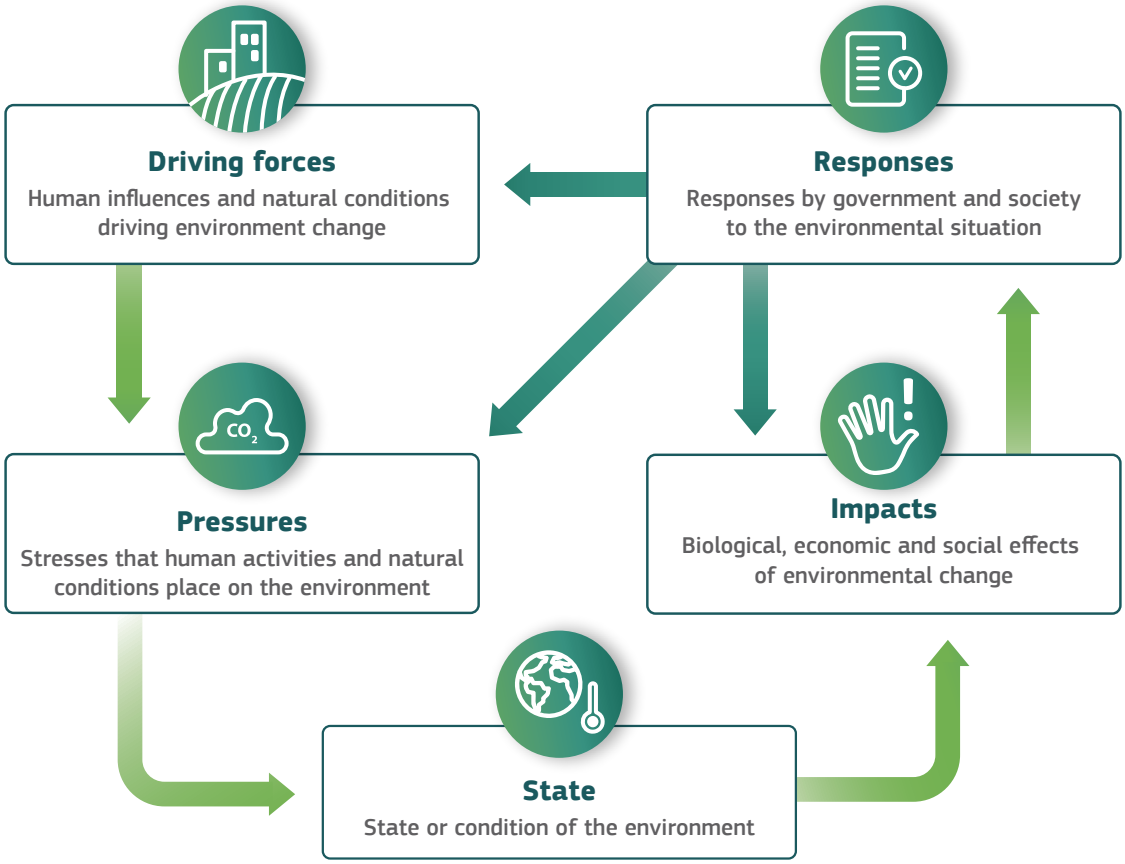
Customising environmental indicators

DPSIR framework

DPSIR (**d**rivers, **p**ressures, **s**tate, **i**mpact, and **r**esponse model of intervention) is a causal framework used to describe the interactions between society and the environment (Wikipedia, n.d.).[56] Since its formulation in the late 1990s (by OECD and the EEA), it has been widely adopted by international organisations. It structures indicators related to the environmental problem addressed, with reference to the political objectives and focuses on causal relationships. Indicators can be defined for five aspects of an environmental issue:

- Drivers or driving forces are social, demographic, and economic developments which influence the human activities that have a direct impact on the environment (think of population growth, urban expansion, land-use change).
- Pressure represents the consequence of the driving force, which in turn affects the state of the environment. Pressures can be both human induced (emissions, fuel extraction, solid waste generation), and natural processes (solar radiation, volcanic eruption).
- State describes the physical, chemical and biological condition of the environment. It may refer to natural systems (atmospheric CO_2 concentrations, temperature), socio-economic systems (living conditions of humans, economic situation of an industry), or a combination of both (number of tourists, size of current population).

- Impact refers to how changes in the state of the system affect human well-being. It is often measured in terms of damages to the environment or human health, like poverty, and increased vulnerability to diseases.
- Response refers to actions taken to correct the problems of the previous stages, by adjusting the drivers, reducing the pressure on the system, bringing the system back to its initial state, and mitigating the impacts. It can be associated uniquely with policy action, or to different levels of the society, including groups and/or individuals from the private, government or non-governmental sectors.



Meaningful indicators

Effective indicators are characterised by SMART attributes (EvalCommunity).[57] SMART indicators are specific, measurable, achievable, relevant, and time-bound indicators that are used in monitoring and evaluation. SMART indicators help to ensure that the indicators chosen are well-defined and can be effectively measured to track progress towards specific goals and objectives. This also applies to individual indicators that relate to environmental and/or climate performance.

Projects propose a monitoring and evaluation system which include sets of indicators. In a green M&E system, indicators should not only reflect the intent of the activities outputs or outcomes that they are associated to (e.g. area of protected forests by the project, as an output indicator); the set should also comprise indicators at all steps of the vertical logic, from activities to objectives (e.g. area of protected forests by the project as an output indicator; carbon sequestration and avoided GHG emissions as an outcome indicator; Living Planet Index as an impact indicator).

Individual indicators may not be enough to capture the green dimensions of the action. This can be the case notably for climate change adaptation projects. Adaptation is by definition multidimensional; therefore, a project focus on adaptation will depend on the scale and scope of the action, the sector considered, and how it fits within social and economic existing practices. It is therefore recommended to capture adaptation efforts with a set of context-specific indicators.

When possible, disaggregation of indicators can highlight 'hidden' information crucial for determining project performance. Disaggregation criteria should be identified during formulation, including for instance: gender, age, social or socio-economic group, vulnerability status, type of adaptation measures, type of ecosystem, localisation, etc. For instance, the indicator 'beneficiaries of protected forest areas, by gender, age and type of forests' may provide information on the socio-economic groups benefitting from the project.

Useful sources of environmental indicators

If OPSYS does not provide an appropriate indicator it is advisable to use international or national systems (statistical systems, national observatories, data managed by universities) and existing sector indicators for which baseline data and regular updates remain available over time.

At country level: In principle, monitoring of results and effects or impacts would be part of the overall framework for measurement of results and performance for a particular policy, programme or action, used by the country or region concerned. An increasing number of countries have result measurement frameworks in place and are now reporting regularly on the state of their environment and sustainability at the national level using indicators. Partner countries are also increasingly adopting green accounting systems.

Wherever possible, country or regional result measurement frameworks should be used and annexed to the relevant policy, programming or action documents.

Environmental Assessments, Country Environmental Profiles and Strategic Environmental Assessments can in some cases provide indicators and baseline values required for formulation and decision-making on actions.

Global environmental conventions such as UNFCCC (climate) or CBD (biodiversity) require regular reporting on predefined indicators (such as greenhouse gas emissions, or percentage of territory with nature conservation status).

More specifically focussed on Green Deal domains the following sources may provide (inspiration for) relevant indicators:

- **Climate mitigation:** indicators under Sustainable Development Goal 13: Climate action (UN Statistics Division, 2017);[53] IMF has an informative climate change dashboard (IMF, n.d.).[58]
- **Climate adaptation:** methodology specially designed for climate adaptation indicators using GCCA/GCCA+ projects (2024).[59]
- **Circular economy:** INTPA developed guidance for action design. It summarises EU policy priorities in the field of circular economy, includes a results chain and a list of sector indicators that serve as examples of measurable indicators associated to each result statement that may be used in Logframe Matrices at project / programme level (European Commission, n.d.-a).[60]
- **Biodiversity & ecosystem services:** indicators under Sustainable Development Goal 14: Life below water and 15: Life on land.[53] For more targeted indicators the Biodiversity Indicator Partnership[61] (hosted by UNEP-World Conservation Monitoring Centre[62]) provides a wealth of information.
- **Disaster Risk Reduction** (DRR): A set of 38 indicators was identified to measure global progress in the implementation of the Sendai Framework for Disaster Risk Reduction. The indicators will measure progress in achieving the global targets of the Sendai Framework and determine global trends in the reduction of risk and losses. These can be scaled back to national or regional levels (UNDRR, 2017).[63]
- **Pollution prevention and control:** the European Environmental Agency provides a number of in-depth topics, including on air, water and soil pollution, which give an overview of the issue at stake, and the associated indicators. It can provide inspiration and further sources to find the right indicators for this wide field. National agencies will also have such kind of monitoring frameworks (EEA, n.d.).[64]
- **Natural resources:** Material flows and resource productivity indicators are central to monitoring the changing patterns of resource use as global economies grow. They are essential for monitoring progress towards SDG targets 8.4 'Resource Productivity' and 12.2 'Sustainable Use of Natural Resources'. The Global Material Flows Database provides data to help understand and trace the linkages between economic growth and raw material usage (International Resource Panel, n.d.).[65]

ANNEX 10. GREENING CALLS FOR PROPOSALS

BACKGROUND

The main reference document determining the capacity of Calls for Proposals to address green issues is the Guidelines to Applicants. The following steps indicate how to green its main sections. Civil society plays a critical role in promoting climate and environmental action and the green transition, as well as social justice, which deserves to be supported.

ENTRY POINTS FOR CALLS FOR PROPOSALS

→ Inform the context

Briefly explain the rationale for the Call for Proposal, through the following steps:

- **Set out the context of environmental and climate and natural hazard risks, vulnerabilities and impacts.** To which extent are the intended beneficiaries affected by environmental degradation (e.g. soil degradation) or vulnerable to the adverse current and projected effects of climate change?

  The context of vulnerability should be set out using a robust evidence base e.g. existing analyses and reports, as per regional specificities related to climate and environmental impacts, extreme events and disaster risks, climate risk and vulnerability assessment, impacts projected at sector level (such as water resources and agricultural production), economic and/or sustainability impact assessments. Examples of sources that can be used as references are available in **Annex 5 - Sources to understand the environment and climate context**.

- **Communicate the intent to address the identified issues.** Which are the expected contributions of the CfP to national or local climate change, environmental, green transition or sustainable development priorities, strategies and plans, including the Nationally Determined Contribution (NDC)?

  When a CfP focuses on a thematic area (e.g. health, education, migration, human rights) rather than specific geographic locations, it should focus on environmental and climate sectoral opportunities and potential issues, taking existing plans and strategies at thematic level as references.

- **Include other relevant reference information useful to increase environmental and climate resilience, or underlining opportunities for positive environmental action.** This can include past actions or processes considered good practice in the CfP thematic field or geographical area.

→ Formulate green objectives and priorities

In all cases, the objectives and priorities should:

- Reflect the EU's environmental and climate ambitions, as reflected in the action document.
- Address the environmental and climate issues introduced and developed in the context.

Call for Proposals should, wherever feasible, have at least a significant focus on green transition, environmental and/or climate issues, explicitly formulated in the objectives and priorities. As the proposals will indicate which priorities they are addressing in the context of the CfP, this will ensure that the subsequent Grant Contracts can be easily related to the EU's defined environmental or climate objectives. These contracts will be Rio marked and it is expected that, overall, their Rio scores are coherent with those indicated in the action document.

The priorities will shape the outputs of the CfP. Particular attention should be paid to ensure meaningful outputs despite relatively short project periods. Beyond environmental and climate priorities, all priority areas should integrate environmental sustainability considerations.

☑ Check if the defined priorities include some of the following elements:

- Strengthening civil society's role in advocating for-and supporting environmental and climate action, sustainable consumption and production, natural resource governance and the green transition, through advocacy and awareness raising, public participation, policy influence, accountability and equity, knowledge and as implementing agents, as well as 'watchdogs' and environmental defenders.
- Contributions to national or local green transition, climate and/or environmental strategies and plans.
- Promoting social, climate and environmental justice as a key element of the green transition.
- The piloting, promotion, development and/or scaling-up of identified good green transition, environmental and/or climate and DRR practices in determined locations or in the context of a thematic support (e.g. agricultural production, local climate governance, ecosystem-based approaches, integrated natural resource management, actions in a context of disaster risk reduction).
- The development of a local economy that is green, diversified, sustainable and inclusive, particularly for women and young people.
- The promotion of local partnerships (e.g. between CSOs and local authorities, universities, and the private sector) focused on environmental and/or climate planning and implementation.
- The physical protection of people, spaces and property against the harmful effects of climate change.
- The promotion of inclusive dialogues, focusing on vulnerable groups, over climate impacts, environmental and green transition issues, access to and management of local natural resources, and addressing inequalities.
- Knowledge creation and transfer, strengthened competences and skills, related to identified environmental and climate issues, and a just green transition.
- Strengthening the capacity to mobilise partnerships and networks, including at financial level, for climate and environment action and the just transition.
- Increased participation of women, local communities and indigenous peoples in natural resources management and in climate action.
- Support to information dissemination and communication activities furthering international environmental and climate commitments and European Green Deal objectives.

→ Determine which actions should be considered eligible

The list of eligible Actions should allow candidates to demonstrate a clear link between the identified environment and climate issues and their proposed project activities. Proposals should be encouraged to contribute to a positive nature and/or climate agenda and invited to address risks and vulnerabilities emanating from environmental degradation and under current and future climate change.

It is considered good practice to indicate that all proposed activities should respond to issues identified at local (or at thematic) level, with clear identification of climate and environmental challenges and opportunities.

The formulation of the activities is highly context-specific and can benefit from the suggestions formulated in the Quick Tips for the integration of environment and climate change, available at sector level (Greening Facility, n.d.-b).[19]

→ M&E and implementation

Environmental, climate and green transition issues need to be meaningfully monitored and evaluated. This involves the use of metrics that are specific to the identified issues (e.g. improved water quality; loss reduction due to improved adaptation to climate change) and the assessment of benefits from a beneficiary perspective.

☑ Ensure that indicators related to environmental and climate performance are included in the monitoring systems. Related results should be discussed regularly with stakeholders including the intended beneficiaries of the action.

ANNEX 11. GREENING PROCUREMENT

BACKGROUND

Public procurement can serve contracting authorities beyond the purely economic act of purchasing: it is a lever for sustainable development. Green public procurement (GPP) is an important tool to achieve environmental goals relating to climate change, resource use and sustainable consumption and production – especially as goods and services represent a sizeable share of public spending.

Green public procurement also makes financial sense, by focusing on full life-cycle costs of a contract and not just the initial price e.g. through energy-efficiency, water-savings, or a reduction in hazardous substances that limits waste disposal related costs.

- Sustainable Public Procurement (SPP), to achieve the appropriate balance between the three pillars of sustainable development - economic, social and environmental - when procuring goods, services or works at all stages of the project (European Commission, n.d.).[66]
- Green Procurement (GP), to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured. (European Commission, n.d.).[66]
- While Green Public Procurement remains a voluntary instrument in EU external action, it has a role to play in contributing to green and resource efficient partnerships.

RESOURCES

The EU website Green Public Procurement - European Commission provides guidance, criteria and assistance for procuring goods, services and works with a reduced environmental impact throughout their life cycle (European Commission, n.d.-b).[66]

The 'Buying Green' handbook (EC-DG ENV & ICLEI, 2016)[67] outlines the possibilities to pursue GPP under the 2014 EC Procurement Directive (EC & Council, 2014),[68] which enables public authorities to take environmental considerations into account. This applies during pre-procurement, as part of the procurement process itself, and in the performance of the contract.

A Green Public Procurement Helpdesk is available to promote and disseminate information, and to provide answers to enquiries on green public procurement. The Helpdesk is open to all stakeholders who have questions regarding procurement using EU funds, including to non-EU national institutions (European Commission, n.d.-c).[69]

ENTRY POINTS FOR GREENING PROCUREMENT

→ Identify main environmental impacts

Following the general principle applying to procurement and grants (EU Practical Guide, PRAG), environmental and climate change issues must be taken into account by tenderers, candidates and applicants in the context of procurement and calls for proposals (PRAG 2.5.5. Other essential points). This implies identifying the potential environmental impact of each contract. Please consider:

- The environmental impact of the materials that will be used, and the impact of the production processes (notably, for supply contracts e.g. use of recycled material, avoidance of harmful chemicals, type of packaging).
- Energy and water consumed, waste generated.
- Product durability/lifespan.
- Potential for product recycling or reusing (e.g. batteries in photovoltaic systems may contain heavy metals and therefore be considered hazardous waste, needing special disposal/recycling measures).
- The greenhouse gas emissions and other environmental impacts of transport (including for service contracts, see below example of GHG emissions clause for service contracts).
- The conclusions of an Environmental Impact Assessment when relevant (works contracts).

Tenderers and their personnel must comply with the environmental legislation, including multilateral environmental agreements (PRAG 2.5.6. ethics clause). The contractor should therefore be able to ensure:

- Staff is technically qualified to carry out the contract according to environmental legislation.
- Management procedures are in place to ensure services are provided in line with environmental requirements, ideally certified by an independent body.

→ Define green requirements in terms of reference or technical specifications

According to the PRAG, terms of reference (for service contracts) and technical specifications (for supply and works contracts) should specify[27]:

a) **environmental and climate performance** (e.g. care is taken to ensure that specifications take into consideration the latest developments on the matter);

b) for purchases intended for use by natural persons, design requirements (including **environmental issues**, in accordance with the latest developments, e.g. waste), excepted in duly justified cases;

c) levels of and procedures for conformity assessment, **including environmental aspects**;

d) for all contracts, terminology, symbols, testing and test methods, packaging, marking and labelling (**including environmental labelling**, e.g. on energy consumption), production processes and methods.

Green requirements could therefore include, when relevant:

- Specifics on the nature of the product itself (e.g. electricity which is produced from renewable sources; food produced from organic agriculture; or reusable/repairable/upgradable products).

27 See PRAG specifications. (European Commission, DG INTPA, 2025)[70]

- Preferences or specifics of the material to be purchased (e.g. use paperboard instead of plastic).
- A minimum percentage of recycled or reused content.
- Details on how the products will be disposed or recycled (e.g. in the case of food catering).
- Restrictions on the use or presence of hazardous substances (e.g. for cleaning services, purchase of furniture, material).
- Details on the environmental ISO standards (or equivalent) used to ensure environmental conformity with national environmental or circular economy regulations.
- Minimum rating of common environmental labels (e.g. appliances, lighting and equipment use an energy efficiency rating from A to G).
- The use of a specific eco-label, whilst ensuring compliance with the conditions established in point 17.6 of Annex I to the EU Financial Regulation[28] (EC & Council, 2018).[71]

The EU has defined Green Public Procurement criteria for more than 20 categories of products, services and works, which are regularly reviewed and updated. These notably cover road design, construction and maintenance; computers, monitors, tablets and smartphones; electricity; office building design, construction and management. The criteria include not only selection and award criteria, but also specifications and contract performance clauses which are designed to be inserted directly into tender documents. The criteria also include information on verification methods (European Commission, n.d.-d).[72]

Please note: the terms of reference or technical specifications need to relate to the works, supplies or services being purchased, and not to the general capacities of the contractor.

→ Select or exclude tenderers according to criteria that include environmental technical and professional capacity

Apply, where appropriate, selection criteria based on environmental technical capacity or environmental and supply chain management measures. Exclude tenderers who do not comply with applicable environmental regulations.

To validate the operator's technical and professional capacity, the Contracting Authority may request an indication of the environmental management measures that the economic operator will be able to apply when performing the contract (item 2.i of PRAG basic principles on technical and professional capacity).

Where the contracting authority requires the provision of compliance certificates for environmental management systems or standards, it must refer to the European Union Eco-Management and Audit Scheme (EMAS) or to other recognised environmental management systems[29].

Where an economic operator has demonstrably no access to such certificates, or no possibility of obtaining them within the relevant time limits for reasons that are not attributable to that economic operator, the contracting authority must also accept other evidence of environmental management measures, provided that the economic operator proves that these measures are equivalent to those required under the applicable environmental management system or standard.

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28 When requiring a specific label or specific requirements from a label, the following conditions must be satisfied: (a) the label requirements only concern criteria which are linked to the subject matter of the contract and are appropriate to define the characteristics of the purchase; (b) the label requirements are based on objectively verifiable and non-discriminatory criteria; (c) the labels are established in an open and transparent procedure in which all the relevant stakeholders may participate; (d) the labels are accessible to all interested parties; (e) the label requirements are set by a third party over which the economic operator applying for the label cannot exercise a decisive influence.

29 i.e. as recognised in accordance with Article 45 of Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisations in a Community Eco-Management and Audit Scheme (EMAS),[73] repealing Regulation (EC) No 761/2001 and Commission Decisions 2001/681/EC and 2006/193/EC or other environmental management standards based on the relevant European Union or international standards by accredited bodies.

Define green awarding criteria and performance clauses

Under the best price-quality ratio award system[30], quality criteria may include elements such as:

- Social, environmental and innovative characteristics.
- Certified procedures minimising the environmental impact of the product or service to be provided.
- Production, provision and trading process and any other specific process at any stage of their life cycle, after- sales service, technical assistance, that can be required to enhance the greening of the purchase.

A step-by-step approach in using green awarding criteria includes the following steps:

- Lay down minimum levels of environmental requirements. Tenders that do not comply with environmental regulations or below those levels of quality must be rejected.
- Encourage tenderers to propose higher levels of environmental performance through green award criteria. These should be clearly defined in the tender dossier, based on verifiable, justifiable, and ambitious environmental criteria for products and services.
- Adopt a life-cycle approach to estimate costs when comparing tenders. Look beyond the initially announced purchase price and assess associated costs and environmental impacts in the entire life cycle of the contract, including operating costs, electricity and water bills, recycling costs, spares and maintenance.
- Establish a rule to reject tenders with abnormally low costs.

Green awarding criteria should be accompanied with environmental performance clauses at contract level. Such performance clauses may underline the environmental commitments made by contractors, and provide appropriate remedies (e.g. through financial penalties, or other forms of compensation) where they fall short. Ensure there is a system for monitoring these commitments and that they are also applied to subcontractors.

General environmental considerations for works contracts

Works contracts, particularly for large infrastructure, can have important negative impacts on the environment (destruction of ecosystems, land conversion, pollution, resource use, etc.) They require robust environmental safeguards, and measures to avoid, minimise, rectify, reduce and offset negative environmental impacts (following the mitigation hierarchy). If the project was subject to an Environmental Impact Assessment (EIA), the relevant measures from its corresponding Environmental Management Plan (EMP) must be reflected in the contractual documents.

In the case of work contracts and upon their provisional acceptance, the contractor is required to dismantle and remove from the site all its remaining equipment, temporary structures and materials no longer required and any litter or obstructions and restore the site to the conditions specified in the contract[31].

The obligation of the contractor to leave the site in proper condition is of utmost importance as it carries both cost and environmental consequences. Particular attention should be paid not only to the completed works and its vicinity but also to any quarries, borrow pits, buildings, water sources, etc., which were put at the disposal of the contractor by the contracting authority. The supervisor should ensure that this obligation is enforced.

30 In this case the contracting authority takes into account the price and other quality criteria linked to the subject matter of the contract and apply a weighting formula.

31 Article 60(4) of the general conditions.

Example of a GHG emissions clause for service contracts

At the end of the contract [or at a different frequency depending on the contract], the contractor shall submit a report with the CO_2 emissions derived from the service/project service/project generated both by the successful bidder and by other agents involved or beneficiaries of the service/project.

The successful tenderer shall take measures to minimize emissions and shall compensate the unavoidable CO_2 emissions generated during the service/project (at its own expense).

Once the offsetting has been carried out, the contractor shall submit the offsetting certificates to the contractor [this can be linked to the last payment for the service].

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ANNEX 12. ENTRY POINTS FOR GREENING PFM SYSTEMS

HOW TO SUPPORT AUTHORITIES IN GREENING A PFM SYSTEM?

Economic governance measures, in particular PFM, are critical to accelerate the green transition. A structured approach to environmentally sustainable, climate resilient, low carbon and resource efficient development (encouraging low carbon paths, avoiding carbon lock-in of infrastructure investments) can be encouraged at both central levels of government, notably ministries of finance and economic planning through enhanced PFM systems, and line ministries. EU support to partner authorities could contribute to:

- **Integrating climate and nature related issues into the various stages of the budget cycle**. Actions focusing on supporting PFM systems, and budget support operations have the capacity to encourage fiscal reforms addressing nature and climate challenges influencing processes that are centre to government.

  Potential entry points for integrating the green dimension along the budget cycle include[32]:

  > **Strategic Planning and Fiscal Framework:** medium term fiscal frameworks (MTFFs), fiscal risk assessments and fiscal strategies.

  > **Budget preparation:** budget circular, policy impact assessments, budget tagging (to compare allocations vis-à-vis policy objectives), medium-term budgetary frameworks.

  > **Budget execution, accounting and reporting:** adapting chart of accounts and financial management information system (FMIS), expenditure tagging[33] (to compare actual vs planned spending), greening public procurement and public investment management systems.

  > **Control and audit:** internal and external audits, oversight bodies.

- Determining **finance options**, potentially implying a mix of budgetary resources including **fiscal tools and the phasing out of harmful subsidies,** stemming from dialogue between ministries of finance and line ministries. These can be accompanied by risk-sharing instruments and private and public insurance tailored to the local risks.

- **Strengthening of internal controls and external audit**, building the capacity of partner authorities, legislature and civil society organisations to analyse climate and environmental issues (including in the relevant reports) and to assess to what extent they are being integrated in the different stages of the budget cycle.

- **Improving oversight, information and analysis of public climate and environmental action.** This can be done through environmental expenditure reviews and technical, non-partisan organisations that act as 'honest brokers' to national or territorial stakeholders facing issues in ensuring a just transition. Available information and analysis can help institutions in strengthening governmental commitments, addressing political economy issues, and increasing credibility of green public action.

- Extending a **green PFM approach to subnational governments**, and in line with the promotion of a green and circular economy, to State Owned Enterprises.

- Encouraging explicit **high-level support** from government (e.g. Minister of Finance, Prime Minister, President).

32 See IMF on Climate-Sensitive Management of Public Finances – 'Green PFM' (IFM, 2021).[74]

33 Budget tagging is a process that allows identifying, measuring, and monitoring specific expenditure that are related to a certain objective or policy. Climate budget tagging, for instance, has been in place in many countries inside and outside of the EU. It can be done throughout budget preparation and implementation. The quality of tagging depends on the quality of the classification system, the clarity of the budgetary and activity definitions (i.e. defining which activities can be eligible for tagging), the level of understanding of agents in charge of the classification. More importantly, the usefulness of tagging heavily lies on its capacity to influence decision making, shall it be on acting upon expenditure slippages if they occur, or on influencing future budgets and ensuring they improve their capacity to consider climate and environmental issues.

ARE CLIMATE AND ENVIRONMENTAL RISKS ADEQUATELY IDENTIFIED, MEASURED AND CONSIDERED FOR PLANNING?

Environmental and climate risks are among the main risks to the global and local economy. While the identification of risks can be done through risks and vulnerability assessments, at territorial or sector level, there may be no systemic instruments in place for quantitative estimates. It remains crucial to have forms of assessments on potential impacts and to include an environmental and climate change related risk dimension into the fiscal risk management. The assessment can be guided by:

- The extent to which national budgets can be impacted by climate and environmentally related stresses and shocks (e.g. droughts, floods, hurricanes, soil degradation, affected ecosystem services including food provisioning and water provision, biodiversity loss...). It is important to assess the impacts of climate change and environmental degradation on macro-economic stability, tax revenues, the disruption of economic activities and public services, the generation of additional spending (e.g. reconstruction after climate-related disasters, climate proofing, rehabilitation or reconstruction, new investments to compensate the reduction in agricultural production, de-polluting operations, rise in healthcare costs, ...).
- The estimated cost of action and of inaction. Climate vulnerable countries need to invest now to reduce future damage and economic disruption from disasters, decrease their disaster recovery spending, and provide a quicker return to normal economic activity (i.e. investing in resilience). Costing may imply using risk information on specific events (e.g. storms, floods, wind, heat waves...), and calculate the resources needed for risk mitigation, preparedness and potential response.
- The definition of development paths for climate and environmental action. The level of uncertainty over climate future has decreased over the years, with an improved understanding of impacts on natural systems and human economic activities. This allows public actors to define a vision for climate and environmental action in the medium term. Tools such as stress-tests (see below) help local authorities engage in participatory processes with their communities and decide on future climate and environmental investments.

TO WHICH EXTENT CAN IMPROVED REVENUE AND EXPENDITURE MANAGEMENT PROVIDE FISCAL SPACE FOR CLIMATE AND ENVIRONMENTAL PRIORITIES?

The fiscal framework can act as a supporting instrument for climate action and improved natural resources management as drivers of social and economic opportunities. Essential steps include:

- **Apply Green DRM.** Domestic revenue mobilisation is part of a social contract that underpins social cohesion and contributes to shaping good governance. Applying a polluter-payer principle shall generate revenues, while primarily supporting environmental protection including pollution abatement. Domestic revenues also help finance set priorities such as new adaptation investments. Green taxes can be justified through:
  - > Environmental protection itself, leading to a healthier environment and reducing the local impact of climate and environmental issues.
  - > Ensuring that all costs are taken into account in the composition of goods and services prices (such as environmental degradation including water, air or soil pollution).
  - > Steering the behaviour to green choices e.g. the promotion of energy savings and an incentive for companies to innovate in sustainability.
  - > Discouraging environmentally damaging practices e.g. unreasonable use of certain pesticides, plastics, drinkable water.
  - > The generation of revenue for governments, allowing other taxes to be lowered or climate and environmental projects to be carried out.

- **Estimate and keep track of climate change and environmental efforts in the budget.** The definition of climate/environment-relevant expenditure and its coverage, as well as the estimation of related spending are important prerequisites for budget allocation decisions. A systemic identification and monitoring of budgets allocated to climate and environmental action facilitate a systematic move towards national and international environmental and climate change related long-term objectives, contribute to raising awareness, improve transparency and accountability (through reporting), and may help in preparing more climate and environment responsive budgets in the future (e.g. CPEIR, tagging). In addition, practices like budget tagging can help to bring in additional private finance, for instance, through green bond financing schemes.

- In expenditure management, it is crucial to **identify budget elements that negatively impact the environment or that contribute to climate change**. The elimination of harmful/perverse subsidies (e.g. to fossil fuels) are typically included in environmental fiscal reform measures to create new financial resources.

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ANNEX 13. ENVIRONMENT AND CLIMATE CHANGE SCREENING OF INVESTMENT PROJECT PIPELINES

This is an Excel based tool available in capacity4dev, accessible via the following link:

https://capacity4dev.europa.eu/library/checklist-environment-and-climate-change-screening-investment-project-pipelines_en (European Commission, n.d.-e)[75]

ANNEX 14. GREENING BUDGET SUPPORT – GUIDING QUESTIONS TO ASSESS THE ELIGIBILITY CRITERIA, ENTRY POINTS AND DEDICATED TOOLS

Credible & relevant development / sector policy

A country may be considered eligible for EU budget support when it demonstrates a **credible and relevant national/sector policy that supports the overall objectives of poverty eradication and inequality reduction, sustainable and inclusive growth and job creation, the consolidation of democracies and peaceful societies, and the promotion of gender equality**[34]. Greening budget support operations will therefore depend on the country policies that will be supported, and which should be environmentally sound. The greening of country policies must be part of the EU dialogue with partner countries, at the outset of policy formulation and probably prior to the start of the budget support operation itself, including on the impact assessment, costing and monitoring of the policy.

Review the quality of the environmental and climate change integration through the following questions:

- Does the policy/strategy supported imply the promotion of fossil fuels? Of projects or measures that are contrary to the country's Nationally Determined Contribution to the Paris Agreement (NDC)?
- Is the implementation of the policy/strategy likely to result in significant adverse impacts to the environment, biodiversity and to climate resilience, and are adequate measures put in place to avoid, minimise and/or offset them?
- Does the policy/strategy meaningfully address environmental, biodiversity and climate issues/risks that may affect the intended sectoral development?
- Does the policy/strategy to be supported take up opportunities to contribute to the protection and sustainable use of natural resources and biodiversity, or to low carbon development, and thus to the transition to a greener and circular economy?
- Is the policy/strategy coherent with the national environmental policies, biodiversity commitments and climate ambitions? Will it reduce economic vulnerability by strengthening resilience to economic shocks or natural hazards? Is the policy based on a sound risk assessment and a set of mitigation measures?
- Does the costing of the policy factor in direct/indirect costs, financing needs/sources or positive/negative externalities, related to environment and biodiversity protection or climate change?
- Which human, financial and institutional resources are foreseen to support environmental and climate objectives? Are capacities deemed adequate and assumptions realistic in this respect, also in relation to financial constraints?
- Does the policy monitoring framework include dedicated indicators to measure and report on performance with respect to environmental policies, biodiversity commitments and climate ambitions? Are indicators and their targets initially, and the results achieved subsequently made public and discussed with non-governmental stakeholders in an inclusive manner? Are other indicators made sensitive to environmental, biodiversity or climate action objectives, where relevant? Are these used to increase domestic accountability on those questions, either through performance/special audits by the Supreme Audit Institution and dedicated hearings at Parliament or through the media, civil society organisations or private sector associations?

Assess how environmental and climate issues relate to macroeconomic policies

The assessment of macroeconomic stability-related policies should examine the 'potential **sources of instability** that would endanger the strength and the persistence of growth' as well as 'assess the country's vulnerability to **external shocks** and efforts to strengthen macroeconomic resilience'.

34 Requirements as defined in the Budget Support guidelines (European Commission, DG NEAR, & DG DEVCO, 2018)[76].

The links between macroeconomic stability and environmental degradation/climate change can be significant, notably in SIDS and LDCs[35]. Adaptation investment for instance, despite their cost, can make the economy more resilient against natural hazards, limiting a post-disaster strain on the fiscal space and rise in public debt.

Macroeconomic resilience can be improved by:

- Providing countries with the capacity to formulate and implement coherent medium-term fiscal policies. Effective medium-term frameworks are essential to addressing medium and long-term risks to macroeconomic stability and development in the region. Activities may include, for instance, defining the costs of adaptation needs and integrating them into the macro-fiscal framework. The same applies to a medium-term expenditure framework (MTEF), a medium-term revenue strategy (MTRS) and a medium-term debt management strategy (MTDS) derived from and implementing a medium-term fiscal framework (MTFF). Countries and EU delegations can tap into IMF expertise on these tools.
- Improving fiscal risk management and establishing credible fiscal frameworks. Climate change and environmental risks need to be included into fiscal risk assessments seeking to limit the uncertainty of the costs associated with climate change mitigation and adaptation (prevention and recovery).
- Using various types of analyses to cover short- and long-term needs. For instance, shock scenarios can reflect short-term impacts of climate related disasters. A long-term analysis of risks and uncertainties related to environmental degradation or climate change requires average and extreme scenarios that cover all types of impacts, including for disaster management framework or contingency plans when applicable.
- Monitoring processes, tracking to which extent the fiscal policy, including the budget execution, is climate and environmentally sensitive.
- Capacity building activities, preferably through a cross-sectoral approach e.g. in macroeconomic forecasting, budget analysis and planning competencies or natural capital accounting.
- Facilitating private sector investment, which is essential to meet climate goals. Enabling factors include incentives for investing in resilience-inducing measures, such as lowering trade barriers to accelerate imports of low carbon technologies, promoting payment for ecosystems leading to sustainable funding in sectors such as agroforestry, lowering taxes for research and development towards green production, or for the development of scalable solutions.

Assessment and entry points of Public Finance Management[36]

The analysis of Public Finance Management focuses on how public money is managed, from revenue mobilisation to the transmission of the policies at citizen's level through public service delivery. This should be seen through the 'Collect More-Spend Better' approach, which:

- Supports the recalibration of tax policy to increase its financial and behavioural effectiveness in promoting environmental sustainability.
- Addresses the potentially regressive effects of transition taxes (e.g. revenues related to fossil fuels) through balancing measures (e.g. social protection expenditure).
- Supports leveraging public resources to finance a sustainable transition and managing debt through efficient public investment and procurement procedures.

The main environmental and climate entry points for assessing PFM systems include:

- Improved revenue and expenditure management should provide fiscal space for new priorities. In countries where national development is closely related to the health of ecosystems and to climate change adaptation and mitigation, the assessment should examine how these environmental and climate-related priorities are addressed in the budget cycle.

35 See **Annex 10** of the Budget Support Guidelines (European Commission, DG NEAR, & DG DEVCO, 2018)[76].

36 Additional guidance can be found in the E-Note 4 'Green Public Finance Management: Scope, tools and instruments' (2021) [77].

- Domestic revenue mobilisation (DRM) is part of a social contract that underpins social cohesion and contributes to shaping good governance. Applying a polluter-pays principle shall support environmental protection including pollution abatement. Countries can also mobilise domestic revenues to finance set priorities such as new adaptation investments.
- Promotion of greening PFM, e.g. through the elimination of perverse subsidies (e.g. to fossil fuels), greening public budgeting processes, and launching fiscal incentives towards green development, and other Environmental Fiscal Reform measures. See **Annex 12**.

Guiding questions on how to assess if PFM systems are responsive to environmental and climate issues include[37]:

- Are climate and environmental risks adequately identified, measured and considered for planning? Do budget planning and execution match environmental and climate-related priorities?
- To which extent does the PFM reform strategy favour the integration or implementation of 'green public procurement' or green public investment management? To which extent are fiscal measures supportive of the green transition? For instance, do they include:
  - > incentives for green investments (renewable energy, low-carbon investments, resource and energy efficiency) e.g. supporting feebates and/or rebates related to GHG emitting processes in specific industries (such as cement and extracting industries);
  - > the gradual elimination of perverse subsidies (e.g. to fossil fuels);
  - > taxes to activities that create adverse side effects to the environment (Pigouvian taxes);
  - > other environmental fiscal measures, e.g. supporting national production (e.g. industry, garments), tax incentives for circular and resource efficient practices, aligning to environmental standards in international trade agreements.

EU budget support recognises that **sustainable growth hinges on sound macroeconomic and fiscal management**. This approach creates ties between core public management functions and climate and environmental issues.

Review transparency & oversight of national budgets through an environmental and climate perspective

The Budget Support Guidelines underline that 'in resource-rich countries, the EU should reinforce support for comprehensive reform programmes promoting enhanced natural resources governance, transparency and accountability' (European Commission, DG NEAR, & DG DEVCO, 2018).[76]

Ultimately, the understanding of how public funds are used may call for potential policy changes towards improved public service delivery and results. For example, the green dimension should be integrated into the audits, so that the legislature and the civil society could assess to what extent climate and environmental objectives are pursued through the actual government spending and ask for corrective measures as deemed necessary.

Governments should report on green and brown subsidies and tax expenditures (e.g. exemptions) on activities that relate to the use of environmental resources or to climate issues e.g. holiday taxes on touristic resorts, tax exemptions on large farms or plantations, mining, forestry, water pricing, energy pricing, and types of transport.[38] Reports ideally need to disclose both financial and non-financial performance information, including information on fiscal and environmental impacts, and be made publicly available to allow for a meaningful participation of civil society. The EU can help foster capacities in government administration, in regulatory agencies, in statistical units, in audit bodies and at the legislature. The EU can also promote inclusive policy review processes to make sure the information on progress and challenges is being made public and well understood. The EU could equally strengthen capacities within administration to communicate on green fiscal measures to help secure buy-in by taxpayers, consumers and/or businesses. These measures are not necessarily easy to understand and will often face vested interests – not necessarily within the most vulnerable parts of the population – and can trigger disinformation campaigns.

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37 These questions are further developed in more detail, with sub-questions in **Annex 12** on greening PFM. It is recommended to use Annex 12 when an action intends to improve environmental and climate considerations in public financing systems.

38 Additional guidance on green taxation can be found in E-Note 19 'Green taxation in non-OECD countries' (European Commission, DG INTPA, 2023).[78]

To have a properly functioning accountability system, it is important to have CSOs and media with appropriate capacities to analyse budget documents and other relevant reports and engage in the relevant discussions on fiscal impacts of various environmental and climate change related policies. The EU budget support can contribute to building such capacities through complementary measures.

The analysis of this criterion can include the following questions:

- Which budget documents should be produced to reflect public reforms and obtained results at environmental and climate level?
- Which budget documents should be made available and accessible to the public, with reference to public environmental and climate action?
- What is the usual timeliness of release of green budgetary information?
- To which extent is the available budgetary information sufficiently comprehensive, providing for sound impact assessment on the fiscal, socio-economic and environmental effects of a given measure?
- Is there a review of the quality, integrity and accuracy of the available information on green budgets?

Tools for a green budget support

POLICY DIALOGUE

Policy dialogue is one of the main pillars of budget support. Greening the policy dialogue implies following the progress in the implementation of and continued credibility and relevance of the supported policy, and of its potential successors, with a focus on environmental and climate issues.

The practices and tools mentioned below are recommended to feed the greening of policy dialogue. Policy dialogue will normally be necessary to build government ownership of the supported processes and political will to effectively implement change in the relevant national/sectoral policies based on the subsequent findings. Policy dialogue could include also taking into account the possibility of introducing green taxation as part of fiscal reforms; green taxes would not only increase Domestic Revenue Mobilisation but also result in greener economies and/or sector policies.

STRATEGIC ENVIRONMENTAL ASSESSMENT

A Strategic Environmental Assessment (SEA) can be a very valuable tool providing elements to guide decision making towards more sustainable pathways, enhance the policy's performance from an environmental and climate resilience perspective and identify adequate lines of action. Therefore, a Strategic Environmental Assessment of the national/sector policy to be supported is usually recommended when providing budget support, notably to an environmentally/climatically sensitive sector: it can either inform and guide a new policy being developed; inform the design of a support programme; inform the implementation of the policy in place; or inform and guide the successor policy.

More detailed information on SEAs can be found in the Policy Dialogue section, the screening procedure (**Annex 4**) and template for terms of reference (**Annex 6**) and additional guidance.

UNDERSTANDING PUBLIC FINANCE AND BUDGETING SYSTEMS

Established exercises such as the Public Environmental Expenditure Review (PEER), the Climate Public Expenditure and Institutional Review (CPEIR), PEFA-Climate for the overall assessment of PFM systems, Climate-PIMA for public investments, or the MAPS module for sustainable procurement can be useful to understand the climate and/or environmental expenditure landscape at country level.

While these are distinct types of studies, with set methodologies which are sometimes related to broader exercises (e.g. PEFA, PIMA or MAPS), they pursue the objectives of improving the understanding of:

- the formulation of environmental and/or climate change policies and their linkages to revenue/expenditure;
- the role and responsibilities of institutions involved in managing climate change and/or environmental issues;
- how environmental and/or climate change related expenditures can be tracked;
- a present situation as a baseline for future analysis.

Note: such exercises allow to take an initial picture from different standpoints (e.g. a CPEIR makes a global photo of climate action and its main actors, PEFA-Climate focus on climate responsiveness of the PFM and following a standard set of criteria) and may be repeated in the medium term (3-5 years) in order to track progress. These tools were not designed to be replaced by each other. This information may be important when launching an initial exercise.

STRESS-TESTS

Derived from the banking system, stress-tests are used to give an indication of environmental and climate sensitivity of local assets. The testing uses available information on potential environmental or climate impacts, together with data of strategic sites (e.g. drinking water, energy, telecommunication, transport, healthcare facilities, ….). The compiled information allows an initial overview of a number of environmental and/or climate risks, such as:

- At climate level, flood, heat, drought and heavy rainfall.
- At environmental level, change in land use (e.g. conversion of forests, land and wetland degradation, habitat loss); overexploitation of natural resources (including, mining, in forestry, fishing, …); pollution (including, air, water, soil, presence of plastics, chemicals, …); biodiversity issues (e.g. loss of biodiversity, invading species).

This raises awareness on risks and initiates a participatory dialogue between local authorities and citizens, local businesses and civil society organisations to agree on the accepted level of risk, and to decide on the preferred measures to be taken.

MONITORING AND EVALUATION

Monitoring and Evaluation can go beyond the use of performance indicators, which are mainly related to the release of financial tranches. Data systems can be supported to track record or progress (including, in the implementation of reforms to improve green public financial management), good practices at sector level (e.g. limiting environmental degradation, improving guidance on natural resource management) and innovation on environmental and climate action, to build evidence for new policy making.

Risks identified in the Risk Management Framework Plus should also be reviewed on a regular basis.

ANNEX 15. GREENING THE RISK MANAGEMENT FRAMEWORK PLUS

The RMF+ rates and assesses structural/cyclical risks in the country according to four categories and their subdimension (political system and corruption; sustainable growth and jobs; sector policies; sustainable finance, public finance management, transparency and oversight). It provides a risk outlook and suggests appropriate mitigation measures and policy dialogue priorities.

The RMF+ country report is prepared by EU Delegations and, in the case of DG ENEST and DG MENA, approved by management in HQ.

The RMF+ report covers risk categories related to environment, climate change and the green transition that can be useful to inform the programming process, policy dialogue, the identification and formulation of actions and the screening of investment pipelines from an environment and climate change risks perspective.

Various risk dimensions have an environmental and/or climate change component, as shown in the box below.

Key RMF+ dimensions relevant to environment and climate change

- **Dimension 1.4**. Instability, insecurity, conflict and violence, access to natural resources, covering risks of:
  - > Ineffective policies to ensure inclusive, equal and secure access to natural resources, making it a source of conflict, instability, insecurity and/or migration and/or forced displacement.
  - > Climate change and environmental degradation multiplying risks of violence or conflicts.
- **Dimension 2.2.** Green and digital transitions, sustainable growth, resilience, covering risks of:
  - > Ineffective policies for a circular, climate-, nature- and biodiversity-smart transition and a sustainable growth path.
  - > Ineffective policies to address the vulnerability to natural hazards and extreme natural events linked to climate change.
- **Dimension 2.4.** Business environment, sustainable trade and value chains, transport, covering risks of:
  - > Business environment not conducive to sustainable and green foreign domestic investments and private sector development, job creation, sustainable economic growth and the transition to a green economy.
  - > Ineffective policies affecting sustainable trade and value chains, including transport and infrastructures.
  - > Negative impacts of private sector development and trade (e.g. land dispossession, environmental degradation, etc.).
- **Dimension 2.5.** Sustainable financing, domestic financial system and capital markers, covering risks of:
  - > Financial systems/practices not supporting investments into environmental, climate and socially responsible projects and not contributing to inclusive and sustainable growth.
- **Dimension 3.1.** Human capital, health and education, covering risks of:
  - > Deficit of human capital affecting negatively... the country's sustainable development ambitions and an enabling environment for innovation, inclusive economic growth, green and digital transitions, security, equality and climate change responses.

- **Dimension 3.2.** Climate change mitigation/adaptation and energy, covering risks of:
  - > Ineffective climate and disaster risk management policies to address climate change challenges, in both mitigation and adaptation.
  - > Ineffective energy policies not effectively supporting a green transition of the economy.
- **Dimension 3.3.** Environment and natural resources, including water and sanitation, covering risks of:
  - > Ineffective environmental, natural resources, water and sanitation policies to address environmental threats and challenges for the country.
  - > Ineffective environmental/natural resources governance affecting sustainable and equitable development.
- **Dimension 3.4.** Agriculture, food and nutrition security, covering risks of:
  - > Ineffective agricultural policies to ensure food security, environmental sustainability and climate resilience for all or part of its population.
  - > Ineffective policies to support sustainable agricultural value chains and agricultural production for food security.
- **Dimension 4.3.** Budget execution, including controls, accounting, reporting and transparency, covering risks of:
  - > Insufficient efforts to apply gender-responsive and green budgeting.
- **Dimension 4.4.** Public procurement and investment, covering risks of:
  - > Public investment management processes not ensuring the selection and execution of projects with the highest economic, environmental and social returns including for gender equality and inclusion.

The RMF+ country report can be used by anyone involved in EU cooperation to inform decisions along the intervention cycle, from programming to evaluation, and under the different implementation modalities. It allows for the identification of priority areas, the identification and design of actions, the screening of investment pipelines and the design of the policy dialogue to better respond to environmental and climate related risks.

The RMF+ country reports and dashboard are available internally through this link: https://intragate.ec.europa.eu/rmf/dashboard [79]

Four risk categories are used to build a risk assessment, linking with main EU priorities that include the green transition, sustainable growth and jobs, and sustainable finance. This helps EU delegations in defining mitigating measures, which are monitored and updated on an annual basis.

To complete the analysis for each of the dimensions from an environmental and climate perspective, the following elements and guiding question can be used.

CATEGORY 1. POLITICAL SYSTEM AND CORRUPTION

This category comprises the issues related to corruption and access to natural resources. Due to the intrinsic high value of natural materials and resources, they are often depicted as 'a blessing, and a curse'. The risk of corruption cuts across the natural resources sector, for both renewable (e.g. forest, fisheries, land) and non-renewable resources (e.g. oil, minerals, metals). To address these issues, it can be useful to consider:

- To which extent are inclusive access to and management of natural resources (e.g. access to safe drinking water and sanitation, a basic human right), as well as equality of opportunities in accessing and managing productive land ensured?
- How is distribution of revenue over the use and exploitation of natural resources organised and does it promote equality of treatment among various social groups, including women? e.g. sales from timber originating from community forests.

- To which extent is there a risk of diverting resources away from the intended environmental or climate action? e.g. infrastructure do not receive the intended climate proofing upgrades due to financial leakages, potentially feeding corruption.
- To which extent can fraud and malpractice be linked to resource depletion? e.g. in fishing (distortion of quotas, money laundering reaping profits from illegal fishing) or forestry (illegal exploitation or logging of high value species, in protected areas, on indigenous land, laundering of timber through agricultural front companies, ...). These may include any breach of national or international legislation that protects wildlife species, posing a threat to living beings (e.g. killing, poisoning or poaching, sale and/or exchange of wild animals and plants - either live or dead specimens -, parts or derivatives, or transformed products).

To formulate mitigation measures, use known reference measures and recommendations to support distributed governance systems allowing improved equality in access to natural resources, monitoring and law enforcement systems related to natural resources, inhibiting environmental crimes and corruption.

CATEGORY 2: SUSTAINABLE GROWTH AND JOBS

This category relates to:

Resilience/Vulnerability to shocks

- What is the level of vulnerability to exogenous and endogenous shocks and natural hazards taking into account the exposure of the country?

Green transition and growth

- What is the risk that the country will not follow a circular, climate- and nature-smart transition and ensure a sustainable growth path? What is the risk that public policies do not address the main issues (relevant/credible/budget allocations)?

Sustainable trade and value chains

- What is the risk that trade and value chains are not supporting sustainable growth and jobs including towards a green and circular economy? What are the risks that supports to trade might cause unintended negative impacts (e.g. land grabbing), including negative environmental impacts?

Mitigation measures may include:

→ Informing on environmental degradation and climate change risks, notably on particularly vulnerable countries such as SIDS and OCTs.

→ Addressing disasters associated to the increased frequency and intensity of extreme weather events.

→ Identifying incentives and promoting options for economic development that go away from over-exploitation of natural resources, deforestation, pollution, or biodiversity loss. Limit dependence on non-renewable resources (e.g. oil, gas, mining), avoiding growth vulnerability by promoting economic diversification.

→ Promoting long term sustainability of value chains, by implementing circular economy principles, ensuring a just transition through an inclusive approach.

CATEGORY 3: KEY SECTOR POLICIES

National development strategy (main sector in programming frameworks)

- What is the risk that the national development strategy (or alternatively, as in ENEST countries, the main cross-cutting country strategy) is not aligned with the Paris Agreement, or that its implementation is not effective?

Energy

- What is the risk that energy policies do NOT effectively support (relevant/credible/budget allocation/efficient management of resources) a green transformation of the economy (attraction of investments for renewable energy and energy efficiency; improvement of regulatory and market frameworks, and better access for all to affordable, reliable and sustainable energy services, with a strong focus on renewable energy)?

Environment and natural resources and/or other related policies in the country

- What is the risk that environmental and natural resources policies do not effectively (credible/relevant) address environmental threats and challenges for the country and its sustainable development (to preserve, enhance and sustainably use the natural capital, strengthen environmental governance, achieve environmental sustainability, develop the green and circular economy)? What is the degree of exposure of the country to such risks?

Climate change mitigation and adaptation

- What is the risk that climate and disaster risk management policies where they exist do not effectively (and credible/relevant) address climate challenges, in both mitigation and adaptation?

Agriculture, food and nutrition security

- What is the risk that the country does not have a productive and efficient agricultural sector, which does not ensure food security, environmental sustainability and climate resilience for all or part of its population?

Mitigation measures may include:

→ Targeted assessments to identify environmental and climate change risks that can compromise productivity of key sectors (e.g. agriculture, fisheries, tourism, energy, water, transport, ...).

→ Addressing causes of environmental degradation including direct (e.g. over-extraction of natural resources such as timber or fisheries) or indirect causes through the degradation of supporting ecosystem services (e.g. soil erosion/land degradation due to land conversion/deforestation or inadequate farming practices, water pollution from domestic or industrial sources). To address this point, it can be useful to consider if:

  > the conditions of exploitation of local natural resources or ecosystems are known, e.g. mining in remote places and under extreme geological and environmental conditions; or in the case of forest concessions; or the drivers of land use change to agriculture.

  > there is a risk of political manipulation leading to flawed concessional conditions in new 'green' investments (including infrastructure contributing to climate change mitigation).

  > there is an increasing presence of influential medium-sized actors that are not party to multilateral anti-corruption agreements, such as the Extractive Industries Transparency Initiative (EITI) in the mining sector.

- Supporting the translation and integration of climate and environmental ambitions at sector level.

CATEGORY 4: SUSTAINABLE FINANCE, PFM, TRANSPARENCY AND OVERSIGHT

Sustainable financing

- What is the risk that the financial system and financial practices do not support investments into environmental, climate and socially responsible projects? What is the risk that financing does not generate inclusive and sustainable economic growth (SDG8)?

Mitigation measures may include:

→ Supporting institution capacities to identify adequate environmental and climate change expenditures and potential revenues, as well as climate and environmentally harmful subsidies.

→ Defining incentives to green investments (e.g. through tax exemptions), and supporting their implementation, monitoring and evaluation.

→ Promoting an improved coherence between policies and financial instruments, so as they can transmit the environmental and climate ambitions of the government.

→ Using PFM to promote a whole-of-government approach towards climate and environmental action, including through potential green revenue generation and wealth redistribution.

→ Strengthening the quality of controls by external audits, notably during budget allocation and execution for climate and environmental action.

ANNEX 16. GREENING INVESTMENTS THROUGH UPSTREAM GREEN FINANCE FRAMEWORKS

In partner countries, the attainment of the SDGs calls for country level leadership to implement holistic financing reforms geared towards national development priorities with the support of international actors. Partner countries are mobilising public and private resources to address environmental and climate objectives. There is a growing demand from ministries of finance, line ministries, central banks and regulators, development partners, civil society, and private sector partners including financial institutions at national or regional level to implement integrated and innovative financing approaches and learn from each other as they do so.

Beyond banks and financial institutions, other institutions which compose the financial ecosystem can also deploy an array of sustainable practices in their respective field (for example, a Stock Exchange can be labelled sustainable as far as it recommends or requires its listed companies to disclose their sustainability and non-financial impacts in their annual reports, and/or promote green bonds). Central banks can join the efforts of the **International Platform on Sustainable Finance** or the **Network for Greening the Financial System** to promote climate change and biodiversity loss as systemic risks among the banks of their respective jurisdictions.

A growing number of EU supported actions targeting the implementation of green bonds schemes at national or regional level, sustainable finance taxonomies or sustainable finance roadmaps at jurisdiction level, are being prepared and implemented. For instance, the Global Green Bond Initiative (GGBI) aims to support the expansion of green bond markets in the EU's partner countries. The initiative consists of a fund that will pool capital from a consortium of European DFIs led by the EIB, and from private investors, to invest in green bonds. The EU, as a global leader in sustainable finance and green bond issuance, has also set up the Sustainable Finance Advisory Hub. The hub will provide technical support for developing sustainable finance frameworks and sustainability-related financial instruments in partner countries. Additionally, the hub will assist GGBI partners in their expansion of green bond markets.

The EU Sustainable Finance Disclosure Regulation, Taxonomy and Green Bonds Standard are three major references and best-practice examples to conceive programmes of activities in favour of partner countries, while taking into account national circumstances and strategies such as NDC and biodiversity strategies and action plans. Similarly, regional programmes such as the 'Greening Finance in the Eastern Partnership for Economic and Investment Plan implementation' intends to support preparatory work to help EaP countries to tap into bonds markets to finance green investments and pilot test climate adaptation and resilience projects. Several EFSD+ PIPS as well aim to support Green Bonds frameworks by providing anchor investment and methodology. At country level, India 2023 Annual Action Plan supports advancement of the International Platform on Sustainable Finance (IPSF) to scale up green finance and bonds through knowledge sharing and best practice, including in relation to the EU Taxonomy. South Africa received support to build and establish its own Taxonomy, whose structure is inspired on the EU Taxonomy to facilitate interoperability.

The Integrated National Financial Frameworks (INFF) promoted under the Addis Ababa 2030 Agenda are also an option to elaborate a public and private finance coordinated strategy for a partner country (UNDP, n.d.).[80] The EU is a regular supporter of the UN INFF process and periodic actions provide funding to UN implementing partners to develop INFF with volunteer countries. Similarly, more actions are being designed to support carbon pricing or domestic or regional carbon markets, and some of them prepare the ground for CBAM.

In actions that aim at the development of financial instruments with climate and biodiversity objectives, key elements to check are the alignment of the proposal with international practice and trends, and ensuring country ownership in the process, to ensure institutions of the partner country, which may already be involved in peer-to-peer international initiatives, keep the lead in their reforms. An ex-ante mapping exercise of the existing initiatives is recommended. When an INFF or an initiative to build a national Taxonomy exist, any supported action should be conceived in coherence with those frameworks, with a view to implement the NDC and emerging national Biodiversity plans.

Suggestions on how the different stakeholders of the financial system may do their part of greening to contribute to the efficiency in the whole system are indicated in the table below.

STAKEHOLDER	POSSIBLE ROLE IN GREENING THE FINANCIAL SECTOR
Local FIs (commercial banks, micro-finance, funds)	FIs should undertake internal reforms to adopt or strengthen their sustainability frameworks, including policies, risk management framework, environmental and social management framework and safeguards to meet international standards. e.g. IFC performance standards (International Finance Corporation, 2012),[81] Equator Principles (Equator Principles Association, n.d.),[82] and EU Taxonomy (EC, 2020c).[83]. They could as well propose a range of sustainable financial products (both assets and liabilities: credit lines, loans, investment products etc.). They should disclose their sustainability impact in their annual report and could try to be listed in sustainability indexes. They might promote green vehicles such as funds and issuing green bonds. They might join a recognised international initiative to learn with peers. e.g. CDP (n.d.),[84] Science-based Targets -SBTi (n.d.),[85] Task Force on Climate-Related Financial Disclosures -TCFD (2017),[86] Taskforce on Nature-related Financial Disclosures - TNFD (n.d.),[87] Mainstreaming Climate in Financial institutions (Institute for Climate Economics, n.d.),[88] and the Finance for Biodiversity Pledge (Finance for Biodiversity Foundation, n.d.).[89] .
FIs with mission (DFI, agriculture bank, green bank)	FIs with mission usually already have a number of the above elements in place, due to their mandate. Smaller institutions should upgrade their standards to reach international standards adopted and promoted by large IFIs. These institutions usually have the adequate profile to channel international climate finance thanks to their sustainability processes.
Central bank and regulators	Central banks can join the efforts of the International Platform on Sustainable Finance or the Network for Greening the Financial System to promote climate change and biodiversity loss as systemic risks among the banks of their respective jurisdictions (European Commission. n.d.-f).[90] Regulators of pensions and insurances can play a significant role in their respective field to encourage green investing, request climate risk tests and modelling, etc.
Investors (insurance companies and pension funds, Sovereign Wealth Fund)	Insurance companies and pension funds have been early birds in detecting climate change risk and have created the demand for green investment products since the early 2000's. A lot can still be done for them to overcome regulatory barriers that prevent them from investing in green bonds or other sustainable solutions within their industry. Sovereign Wealth Funds may join the One Planet SWF working group to mainstream environment & climate in their investment processes (One Planet SWF Network, 2025).[91]
Stock Exchange	A Stock Exchange can be labelled sustainable as far as it recommends or requires its listed companies to disclose their sustainability and non-financial impacts in their annual reports, and/or promote green bonds. Stock exchanges may adhere to the UN led Sustainable Stock Exchanges Initiative to become green, sustainable and Paris-aligned (2025).[92]

STAKEHOLDER	POSSIBLE ROLE IN GREENING THE FINANCIAL SECTOR
Financial Centre	In cities where a financial centre is institutionalised (usually around a stock exchange or banking association), there is usually fruitful dialogue between sustainable projects to respond to the needs of the city and financial players likely to invest in them. Financial centres also gather among themselves and share their experiences, challenges and progress in the Financial Centres for Sustainability Network (UNDP FC4S, n.d.).[93]
Service providers (fund managers, brokers, research centres and verification bodies, consultants...)	The financial system runs thanks to the intervention of a myriad of service providers. Fund managers and brokers are key to make the link between investors and financial instruments available in the market, they need to develop their competences and run efficiently a methodology to invest in green activities and projects, whether they are infrastructure projects or MSMEs programmes, equities, bonds, etc. Research centres and academia are also key to provide second opinion of third-party verification, together with audit firms and certification bodies.
Professional associations and civil society as end-borrowers or retail investors	Sectoral or professional associations (association of accountants, of executive directors, societies, chambers of commerce and industry, cities' associations such as the Covenant of Mayors etc.) are interesting networks to mobilise to sensitize and disseminate information, best-practice, and peer-to-peer learning on how to mainstream environment, climate and biodiversity in their respective field of the financial sector. CSO defending the purchasing power of citizens or practicing advocacy and stakeholder activism may be identified and supported to participate to the greening effort from banks and companies and by creating awareness and demand by the public for green products and services.
Ministry of Finance	MoF can be the conductor of the orchestra and use tools and strategies such as the Integrated National Finance Frameworks to pilot and overview each stakeholder's progress in greening under their respective role in the financial system.

ADDITIONAL INFORMATION

ADDITIONAL INFORMATION REFERENCED IN THE TEXT

A triple planetary crisis

This risk is commonly referred to as the triple planetary crisis of climate change, biodiversity loss and pollution, driven notably by the world's ever-growing consumption of natural resources. In addition, the depletion of natural resources, which is itself a driver of the triple crisis, is highlighted as a key concern.

- **Failure to address climate change.** In its 6th assessment report (AR6) (2021),[94] the International Panel on Climate Change (IPCC) observes that the cumulative scientific evidence is unequivocal: any further delay in global action on adaptation and mitigation will miss a brief and rapidly closing window of opportunity to secure a liveable and sustainable future for all. Overshooting 1.5°C may push the earth over several tipping points which, if triggered, will rapidly cascade through socio-economic and ecological systems, leading to severe effects on human and natural systems and imposing important challenges for human adaptation (OECD, 2022).[95] Societal choices and actions implemented in the next decade determine the extent to which climate resilient development will be possible.
- **Biodiversity loss and ecosystem collapse**. The Global Assessment Report of the Intergovernmental Panel on Biodiversity and Ecosystem Services observes that nature is essential for human well-being and that nature's contributions to people are not replaceable (IPBES, 2019).[96] Biodiversity is declining faster than at any other point during human history. International environmental goals will not be achieved based on current trajectories, due to the projected impacts of increasing use of land and sea, exploitation of organisms and climate change. As our ecosystems deteriorate so do the sinks that sequester carbon and provide protection against the impacts of climate change, such as floods or extreme heat.

About 75 % of global land surface is significantly altered, 66 % of the ocean area is experiencing human impacts, over 85 % of wetland area has been lost, and around 1 million species face extinction.

- **Pollution.** In its report Towards a Pollution-Free Planet, UNEP observes that pollution is not a new phenomenon; it is largely controllable and often avoidable, but considerably neglected. Pollution puts stress on ecosystems and often imposes a disproportionate burden on the poor and the vulnerable such as the elderly, children and the disabled. Despite this, responses from governments, businesses, and citizens remain limited in scope. Ultimately, pollution stands as the leading environmental cause of disease, resulting in 9 million premature deaths annually (UNEP, 2017).[97] World Health Organization (WHO , n.d.)[98] data show that almost the whole global population (99 %) breathe air that exceeds WHO guideline limits and contains high levels of pollutants, with low- and middle-income countries suffering from the highest exposure[39].
- **Destructive exploitation of natural resources including raw materials.** In its Global Resources Outlook (UNEP, 2024),[99] the UN International Resource Panel (n.d.)[100] has calculated that over the past five decades, our global population has doubled and the use of natural resources has more than tripled. The extraction and processing of natural resources accounts for more than 90 % of our biodiversity loss and water stress and approximately half of our greenhouse gas emissions.

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39 The Copernicus Atmosphere Monitoring Service (CAMS) provides consistent and quality-controlled information related to air pollution and health, solar energy, greenhouse gases and climate forcing, across the world.

Some key definitions

Mainstreaming (environment and climate change): the deliberate and proactive integration of environmental concerns, including climate, into development policies, plans, budgets and actions (OECD-DAC, 2019).[101]

Greening: beyond 'mainstreaming' (of environment and climate change), which refers to systematically integrating environment and climate change in EU cooperation, 'greening' aims to align EU international cooperation with its environmental and climate objectives; it emphasises the need not only to design actions that minimise their adverse effects on the environment and climate (do no harm/do no significant harm) but to identify actions and initiatives that make positive contributions to the green transition towards environmental sustainability, climate resilience and low-carbon development.

Green transition: the European Green Deal envisions an economy ensuring no net emissions of greenhouse gases by 2050 and economic growth decoupled from resource use (including through a circular economy), pollution and biodiversity loss.

Transformative change is a fundamental, system-wide reorganisation across technological, economic and social factors, including paradigms, goals and values (IPBES Global assessment report on biodiversity and ecosystem services, 2019).[102] Within the context of climate change, transformative change can be understood as a system-wide change that requires more than technological change through consideration of social and economic factors that, with technology, can bring about rapid change at scale (IPCC Global warming of 1.5ºC report, 2018). [103]

Environment: the combination of elements whose complex interrelationships make up the settings, the surroundings and the conditions of life of the individual and of society, as they are or as they are felt (European Environment Agency). Environmental issues therefore include climate mitigation and adaptation; the conservation, restoration and sustainable use of biodiversity and ecosystem services; the preservation and sustainable use of natural resources; pollution prevention and control.

Climate change: refers to a change in the state of the climate that can be identified (e.g. by using statistical tests) by changes in the mean and/or the variability of its properties and that persists for an extended period, typically decades or longer. Climate change may be due to natural internal processes or external forcings such as modulations of the solar cycles, volcanic eruptions and persistent anthropogenic changes in the composition of the atmosphere or in land use. Note that the Framework Convention on Climate Change (UNFCCC), in its Article 1, defines climate change as: 'a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.' [40]

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40 Special Report SR15 of the IPCC (2018)[103].

Main Green Deal policies and measures of relevance for international cooperation

- **Climate mitigation.** The 'fit for 55' package aims to realise the **European Climate Law** objectives: climate neutrality by 2050 and a 55 % reduction of net greenhouse gas (GHG) emissions by 2030 (Erbach & Jensen, 2024).[104] The proposals aim to accelerate emission reductions in the sectors covered by the EU emissions trading system (EC, n.d.-g)[105] and the sectors covered by the Effort-sharing Regulation (EC, 2021b),[106] and to increase carbon removals in the land use, land-use change and forestry sector (LULUCF, Jensen, 2023[107]).
- **Climate adaptation.** The EU Adaptation Strategy sets out how the European Union can adapt to the unavoidable impacts of climate change and become climate resilient by 2050, based on four objectives: to make adaptation smarter, swifter and more systemic, and to step up international action on adaptation to climate change (EC, 2021c).[108]
- **Biodiversity**. The EU Biodiversity Strategy for 2030 sets out a truly ambitious and far-reaching programme of measures to halt and reverse biodiversity loss in the EU and across the globe. It is closely linked to the CBD Global Biodiversity Framework (EC, DG ENV, 2021).[109]
- **Circular economy**. The Circular Economy Action Plan announces initiatives along the entire life cycle of products. It targets how products are designed, promotes circular economy processes, encourages sustainable consumption, and aims to prevent waste production and that resources are kept in the economy for as long as possible (EC, 2020a).[110]
- **Pollution**. The Zero-Pollution Action Plan presents key 2030 targets to speed up reducing pollution at source. The action plan aims to strengthen the EU green, digital and economic leadership, whilst creating a healthier, socially fairer Europe and planet. It provides a compass to mainstream pollution prevention in all relevant EU policies, to step up implementation of the relevant EU legislation and to identify possible gaps (EC, 2021d).[111]
- **Mobility**. The European Green Deal has a target to achieve a 90 % reduction in transport-related greenhouse gas emissions by 2050 within the EU. The European Urban Mobility Framework provides guidance for local action on sustainable mobility, including on transport networks, urban logistics, multimodal terminals, walking and cycling, and the management of mobility flows (EC, 2021e).[112]
- **Agriculture**. The Farm-to-Fork Strategy aims to accelerate the transition to a sustainable food system that should have a neutral or positive environmental impact, help to mitigate climate change and adapt to its impacts, reverse the loss of biodiversity, ensure food security, nutrition and public health, making sure that everyone has access to sufficient, safe, nutritious, sustainable food, preserve affordability of food while generating fairer economic returns, fostering competitiveness of the EU supply sector and promoting fair trade (EC, 2020b).[113]
- **Forestry**. The EU Forest Strategy for 2030 recognises the central and multifunctional role of forests, and the contribution of forests and of forest-based value chains for achieving a sustainable and climate neutral economy by 2050 and preserving lively and prosperous rural areas (EC, 2021f).[114]
- **Sustainable finance**. The EU Sustainable Finance Strategy (EC, 2021g)[115] is instrumental in reaching climate and environmental targets by enabling investors to re-orient investments towards more sustainable technologies and businesses. The strategy notably includes the European Green Bond Standard (EC, 2021h)[116] proposal and the EU Taxonomy for sustainable activities (EC, 2020c).[83] On the international front, the Global Green Bond Initiative (GGBI) aims to support the expansion of green bond markets in the EU partner countries. Moreover, the Sustainable Finance Advisory Hub provides technical support for developing sustainable finance frameworks and sustainability-related financial instruments in partner countries. The hub will also assist GGBI partners in their expansion of green bond markets.
- **Fair transition.** A Council Recommendation sets out guidance to address employment and social aspects for a fair transition towards climate neutrality. Particular attention goes to people and households highly dependent on fossil fuels and that could be most affected by the green transition. With the right actions and policies in place, the green transition has the potential to create additional jobs (EC, 2021i).[117]

- **Education.** EU Member States have confirmed their commitment to green education by adopting both a Council Recommendation on learning for the green transition and sustainable development (2022a)[118] and Council Conclusions on The transformative role of education for sustainable development and global citizenship as an instrumental tool for the achievement of the sustainable development goals (SDGs) (2022b).[119]

Some of the legislative initiatives prompted by the European Green Deal have implications for actors in third countries. For example, in relation to Regulation on deforestation and forest degradation (EP & Council, 2022)[120] or the Regulation establishing a carbon border adjustment mechanism (CBAM) (EP & Council, 2023).[121] Greening EU cooperation can contribute to addressing the implications of these policy and legislative initiatives in third countries.

A timeline on the implementation of the Green Deal can be consulted: https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en (EC, 2019)[122]

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Key multilateral environmental agreements

The **Paris Agreement** is the main legally binding treaty on climate change. Adopted by 196 parties in 2015 under the auspices of the **United Nations Framework Convention on Climate Change** (UNFCCC), it sets an overarching goal, 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, recognizing that this would significantly reduce the risks and impacts of climate change. Nationally Determined Contributions (NDC) (UNFCCC, n.d.-d)[123] are at the heart of the agreement; they require all Parties to undertake and communicate ambitious efforts to reduce national emissions and adapt to the impacts of climate change[41]. Each Party[37] is required to prepare, communicate, improve the quality and increase the ambition of its NDC, working on five-year cycles. The Paris Agreement invites countries to submit long-term low greenhouse gas emission development strategies (LT-LEDS), providing the long-term horizon to the NDC. The Paris Agreement also aims to significantly strengthen national adaptation efforts, including through international cooperation, and invites all countries to formulate and implement National Adaptation Plans (NAPs). Unlike NDC, LT-LEDS and NAPs are not mandatory. From 2024 onwards, an enhanced transparency framework (ETF) established at country level shall track actions taken and progress in climate change mitigation, adaptation measures and support provided or received.

The **Montreal Protocol** (1987) was designed to stop the production and import of ozone depleting substances (ODS) and reduce their concentration in the atmosphere to help protect the earth's ozone layer. The Montreal Protocol is considered highly successful: 99 % of ODS were eliminated from the atmosphere and the ozone layer is expected to return to average 1980 levels by 2040.

In 2022, the 196 parties to the UN **Convention on Biological Diversity (CBD)** adopted the Kunming-Montreal Global Biodiversity Framework (GBF) (2022),[124] a landmark set of goals and targets to conserve, restore and sustainably use biodiversity, to share the benefits of its use in an equitable manner, and to provide adequate means of implementation. The GBF has a number of quantified and time-bound voluntary targets, including a commitment that by 2030, 30 % of the earth's surface is protected, 30 % of degraded areas are restored, invasive species are reduced by 50 %, harmful subsidies are phased out by USD 500 billion per year, and at least USD 200 billion per year are mobilised for the implementation of National Biodiversity Strategies and Action Plans (NBSAPs) (n.d.),[125] i.e. the measures to be taken by each Party for the implementation of the Convention.

The **UN Convention to Combat Desertification (UNCCD)** is the only internationally legally binding framework set up to combat desertification and mitigate the effects of drought, with the view to contributing to sustainable development in the affected areas.

The **Sendai Framework on Disaster Risk Reduction 2015-2030** aims to achieve substantial reduction of disaster risk and losses in lives, livelihoods and health and in the economic, physical, social, cultural and environmental assets of persons, businesses, communities and countries. It outlines seven clear targets and four priorities for action to prevent new and reduce existing disaster risks: (i) Understanding disaster risk; (ii) Strengthening disaster risk governance to manage disaster risk; (iii) Investing in disaster reduction for resilience; and (iv) Enhancing disaster preparedness for effective response, and to 'Build Back Better' in recovery, rehabilitation and reconstruction.

This is only a snapshot of some of the most important MEAs. Other MEAs cover air pollution, chemicals and waste, civil protection, environmental governance, land use, nature and biodiversity, seas and oceans and water. The list of MEAs ratified by the EU can be found at this link: https://environment.ec.europa.eu/international-cooperation/multilateral-environmental-agreements-meas_en (European Commission, n.d.-h).[126]

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41 The NDC can be found in the UNFCCC NDC Registry [37].

Examples of potentially relevant evaluation questions

- Were environmental and climate-related stakes, risks and opportunities adequately addressed by the identification and formulation studies?
- Was an SEA, EIA and/or CRA required? If so, was it carried out, of good quality, and were its recommendations implemented?
- Has the action addressed environmental/climate change issues in a relevant manner? In other words, were the most important issues and options identified in the problem analysis, were activities appropriately designed to address them and were they effectively implemented (e.g. implementation of soil and water conservation techniques in areas threatened by desertification and land degradation)?
- If the action intended to contribute to environment, DRR, biodiversity, combating desertification, climate change mitigation and/or climate change adaptation, as per the indicated policy and Rio markers, did these intentions effectively materialise as expected (as principal or significant objectives of the action)?
- Was the action effective in promoting environment-friendly, low-carbon and climate-resilient systems, practices and technologies?
- Did the action promote an efficient use of resources (e.g. minimising the use of polluting materials and substances, minimising water use, promoting energy efficiency, implementing green procurement)?
- Did the action contribute to climate change mitigation/low-carbon development (renewable energy, energy efficiency, afforestation) or climate change adaptation/resilience (e.g. through climate-smart agriculture, integrated watershed management)?
- Did the action have any positive impact in terms of contributing to sustainable development, including through enhancing natural capital, environmental sustainability, soil quality, water quantity and quality, reduction in air pollution (e.g. health benefits arising from the introduction of improved cooking and heating apparatus)?
- Did the action have a direct or indirect negative impact on the environment and climate resilience (e.g. loss of biodiversity, deforestation or land degradation due to mono-cropping or agricultural expansion)?
- Is the action's sustainability threatened by environmental degradation and/ or climate change (e.g. hydroelectric power supply threatened by reduced water flows and proliferation of invasive plants in reservoirs)?

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Strategic Environmental Assessment in budget support

In the context of budget support, the implementation of a **Strategic Environmental Assessment** is often required[42]. An SEA is strongly recommended in many cases, in particular for SRPCs: it is a powerful tool to green policy reforms, budget support operations and the policy dialogue. Moreover, an SEA can be used to assess the budget support eligibility criteria by determining if the sector strategy is sound from an environment and climate change perspective.

- **Ensure green contributions**. The findings of a Strategic Environmental Assessment (SEA) can be used to appraise the environmental sustainability of the policy to be supported and provide elements that can be addressed by the support programme to address shortcomings.
- **Strengthen policy green credibility.** An SEA will help ensure that the sector policy/strategy will contribute to the green transition, will not result in significant adverse impacts on the environment and climate and that it addresses key environmental and climate constraints on sector development.
- **Work with the NDC and NBSAP**. A detailed consistency check, and identification of opportunities for contributions to the NDC and NBSAP, can be included in the SEA.
- **Improve policy dialogue**. An SEA provides useful recommendations to the partner government (to green the design and implementation of its policies/strategies) and to the EU delegation, to enhance environmental and climate change integration in the budget support programme, and the policy dialogue.
- **Support in the definition of budget support indicators**. An SEA provides recommendations for the identification and formulation of performance and budget support indicators.

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42 An SEA is required for any sector budget support in any of the following sectors: Agriculture; Energy; Fisheries; Forestry; Industry; Private Sector Development; Telecommunications; Tourism; Town and country planning or land use; Transport; Waste management; and Water management. An SEA is advisable for other sectors, if budget support will be provided to sector strategies likely to result in significant adverse impacts on environment and climate, as determined by an SEA questionnaire.

The greening of public finance management and domestic revenue mobilisation

There is increased awareness that environmental considerations are essential to public action towards citizens well-being. Governments better understand how environmental degradations and climate change affect people's health, livelihoods and resilience to shocks e.g. through disrupted provision of food and drinking water. Countries therefore show increasing efforts to integrate environmental and climate issues in their public finance. This is a vital step for an effective public action towards a green transition.

Green public finance management aims at integrating an environment/climate-friendly perspective into PFM practices, systems, and frameworks (especially the budget process) with the objective to support fiscal policies that are responsive to environmental and/or climate concerns.

Green domestic revenue mobilisation includes any tax that adjusts the relative price of a product or activity that has an impact on climate or the environment. These can take many forms such as taxes on energy, transport, pollution, greenhouse gas (GHG) or resource extraction. The reduction of tax rates for goods/activities conducive to the environment also contributes to green DRM (e.g. reduction of VAT for certain energy-saving products). The topic of environmentally harmful subsidies and tax incentives is also within the scope of the work in green DRM/PFM field.

Green budgeting can:

- Show national efforts towards environmental and climate goals, improving awareness and transparency on governmental action (national reporting);
- Improve access to international finance, by identifying funding priorities and gaps;
- Improve expenditure effectiveness, through increased budget coherence across ministries and with environmental and climate action plans.

Use **Annex 12** to assess how budget planning and execution address environmental and climate-related priorities. This is particularly recommended when performing a PFM assessment, notably in countries where national development is closely related to the health of ecosystems and to a stable climate (sometimes referred to as resource rich countries).

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INVESTMENTS – GREENING OPPORTUNITIES

MODALITY	GREENING OPPORTUNITIES
Technical assistance (TA) grant	TA can be used to bring additional quality and higher standards to the projects. It can also be used to fund studies such as ESIAs and climate vulnerability and risk assessments, although these cannot be claimed as bringing additionality if these studies are mandatory under the regulations of partner countries or of the financial institution. In the case of intermediated finance, when the lead FI relies on local financial partners, TA can be used to assess gaps in the local partners environmental and social management systems against international standards, strengthen capacities and promote learning by doing. This can include the strengthening of environmental and social management policies and processes of intermediary financial institutions (such as those involved in MSMEs financing or co-investors in infrastructure projects).
Investment grant	**Investment grants** can cover or reinforce specific components of a project, beyond basic compliance of regulations. For example, an EU grant can be used to implement sustainability features of a road (cycling lanes, biodiversity corridors) or to climate-proof certain infrastructure components (such as nature-based solutions for flood risk management in case of increased flood risk under climate change projections).
Interest rate subsidy	In the case of **interest rate subsidy**, the same practice as for investments grants will apply. It may be used to make the adoption of clean technologies or renewable energy more attractive, especially when more polluting technologies and energy sources are subsidised.
Risk sharing instruments (funded guarantees & equity)	In the case of **risk sharing instruments**, the EU contribution may be provided to cover sector-specific risks. Another option is to use the EU contribution as seed capital to create specific financial vehicles with development purposes. As these structures are meant to crowd-in additional co-investors, attention to the Environmental and Social Management Systems (ESMS) in place in the LFI is important, as well as within the potential financial vehicles which will be created, and within the additional partners that will join the initiative. As an example, the EU has invested risk capital (junior equity) in several structured funds based in Europe that aim to support the development of local MSMEs or renewable energy and clean technology projects and attracting private sector financing for such investments in partner countries. These funds in turn can offer different types of financial products, depending on market needs. In addition to the financial services needed, these funds also provide diverse sustainability and development features. In particular, they have put in place a sustainability framework at governance and operational level, policies, a risk management system integrating environmental and social (E&S) international standards and use their TA facilities to promote these practices among the beneficiaries or support the greening of the financial system in the partner country. Some of them also offer financial products in local currencies, to best support MSMEs. These funds are aligned with the European sustainable finance strategy, they comply with the SFDR (Sustainable Finance Disclosure Regulation) and benchmark their activity against the European taxonomy and other international standards and practice (UN Principles for Responsible Investment). Sustainability standards are ensured by the governance model of the funds, with representatives of IFIs and trustee of the EU sitting on the board of directors and the investment committee.
EFSD+ unfunded (or budgetary) guarantees	The above considerations on blending also apply for budgetary guarantees, and the importance of paying attention to the **Environmental and Social Management Systems** in place in the lead FI is underlined by the expected leverage effect. Indeed, the target is to crowd-in external private capital in an ambitious proportion from 1 to 10, which implies that a large part of the impact will derive from external funding. It is thus crucial that the LFIs not only apply environmental and social standards on their own investment, but also have specific provisions concerning intermediated finance, which rule their relationship with partner co-investors.

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