Finance Ministers Coalition for Climate Action
Sherpa Meeting, Helsinki Finland
(Feb 21-22, 2019)

Session 3: Public Investment and Procurement
Introduction by Adrian Fozzard, World Bank
Climate informed decision-making

Mitigation
❖ Set appropriate price for carbon
❖ Identify and realize co-benefits

Adaptation
-o Assess climate risk and raise awareness
-o Promote soft-adaptation
-o Invest in hard-adaptations where economic, social and environmental case

Be aware of lock-ins
Managing Uncertainty

The past is no longer a guide to the future:

- Acknowledge uncertainty
- Incorporate flexibility and learning into policies, programs and engineering design
- Consider emerging techniques for largest, highest risk investments:
  - Probabilistic Scenarios
  - Robust Decision-Making
  - Real Options
Managing Extreme Events

- Assign responsibility and define liability to avoid moral hazards: households, private sector, local government, central government
- Promote risk reduction: information, regulation, invest protection
- Manage financial risk proactively: layering instruments
- Manage public assets proactively
- Plan for response to extreme events

Source: Swiss Re.
Public Procurement

<table>
<thead>
<tr>
<th>Energy Consumption Labels</th>
<th>Requirement for products purchased to have energy efficient label from certification program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catalogue Specification</td>
<td>Government catalogue lays out energy efficiency specifications for commonly purchased items</td>
</tr>
<tr>
<td>Preferences</td>
<td>Point or price preferences for GHG emissions in bid evaluation</td>
</tr>
<tr>
<td>Lifecycle Costing</td>
<td>Price of product calculated as cost over its economic lifetime, including purchase, operations, maintenance and disposal</td>
</tr>
<tr>
<td>Qualifying Product List</td>
<td>Database of products that qualify with energy efficiency standards</td>
</tr>
<tr>
<td>Performance standards and technical capabilities</td>
<td>Requirements in terms of environmental impacts and evidence of past performance</td>
</tr>
</tbody>
</table>

Public procurement 12% of GDP and 29% of general government expenditure in OECD amounting to US$ 4,800 Billion in 2013

- Public sector as market maker and standard setter
- Procurement strategy, standards and regulatory framework
Discussion: What commitments would be included in a fiscal principle on climate-informed public investment management and procurement?

• To publish and disseminate information on climate change risks and vulnerabilities?

• To embed climate-informed analysis in the regulatory framework and technical guidance for public investment management?

• To apply climate-informed analysis in the appraisal and selection of major investment projects?

• To adopt climate-sensitive public procurement policies?

• To apply specific measures to implement climate-sensitive public procurement policies?