

The Paris Deal Will Need Climate QE

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Colin Hines and I issued this press release this evening as Finance for the Future:

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Today's historic Paris Climate Final Agreement revealed once again the centrality of finding adequate funding to pay for the low carbon transition. While the negotiations were in progress the European Central Bank extended its €60 billion a month quantitative easing programme until March 2017 i.e. an addition €360 billion. A significant proportion of this could help fund the Paris Agreement commitments through the issuing of Climate QE. This mechanism was first proposed on the eve of the Paris Conference by Professor Richard Murphy, the creator of Corbynomics and People's Quantitative Easing and Colin Hines, the Convenor of the UK Green New Deal Group, in a report entitled '[Climate QE For Paree](#)'.

How the European Investment Bank Could Spend Climate QE

Professor Murphy said that

'The EIB already invests around 10% of its funds in developing countries and prioritises climate change mitigation and adaptation (e.g. renewable energy, energy efficiency, urban transport and other projects that reduce CO2 emissions). If the ECB allocated say €10 billion a month from its QE programme, it could use it to buy climate change bonds from the European Investment Bank. The EIB could then direct these funds to climate change programmes. A second €100 billion would then be on the table to fund climate change before the end of 2016.'

'This could have a galvanising effect on other rich countries, putting pressure on them to introduce their own Climate QE initiatives and thus further bolster global funds towards the many hundreds of billions eventually needed to keep temperature rises to well below 2o C. Since QE involves the one arm of the EU, the ECB, creating e-money and using it to buy assets from another

arm of EU, the European Investment Bank (EIB), this will not increase Europe's repayable debt levels. This would also hold true for countries like the United States and the UK, something that is crucial to making involvement in 'Climate QE' post Paris politically acceptable to all rich countries.'

Rich Countries would benefit too

Colin Hines Convenor of the Green New Deal group said:

'Climate QE is not just for poorer countries. The economic and employment advantages of investing in energy efficiency and renewables is not only a way to generate economic activity in every city, town, canton and hamlet across Europe, but will also ensure our continent's significant contribution to helping solve the biggest threat facing humanity, which is climate change. The ECB announced that it will use some of its extra €360 billion of QE to buy local government bonds which could be the route to help fund the decarbonisation of Europe.'

Our Climate QE [report is available here.](#)